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Re: [illegible]

Canada. Housing, minister responsible for
[Statements & speeches]

REMARKS BY
HONOURABLE ROBERT ANDRAS
FEDERAL MINISTER RESPONSIBLE FOR HOUSING
AT THE
ANNUAL FALL DINNER MEETING
OF THE
TORONTO METROPOLITAN HOME BUILDERS' ASSOCIATION
TORONTO, ONTARIO
TUESDAY, OCTOBER 14, 1969

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[Faint, mostly illegible text, likely the middle of a speech.]



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Mr. Chairman, Honoured Guests, Ladies and
Gentlemen:

Last June when I received David Satok's letter inviting me to speak to the Toronto Metropolitan Home Builders' Association, I had been Minister Responsible for Housing for only a scant six weeks. This invitation came at a time when all my effort was devoted to the passage of amendments to the National Housing Act - and during a period when I had begun an intense study of the housing problems that faced the nation.

Among other things, his letter said, "The members of this Association who number over five hundred, are in a position to place special emphasis on your housing views." Well, my thinking on housing was only beginning to take shape, and a sympathetic reception by your Association obviously held many advantages. However, I couldn't help wondering as to what your special emphasis might be if our ideas were in conflict.

Still, Mr. Chairman, I must admit I am pleased that I decided four months ago to accept your invitation. I have an increasing insight into the complexities underlying the broad issues of housing and urban affairs. And

all through my studies on housing, I have been forcefully struck with the need for continuing discussions, not only between all levels of government, but also with the house-building industry, financial institutions, trades and professions, and with organized labor and very definitely with the people involved. These are matters that affect every Canadian and are therefore the legitimate concern of all of us.

It is for these reasons -- reasons of communication and an exchange of ideas, that I appreciate the opportunity to be here tonight.

You gentlemen of the house-building community together with the ancilliary industries and allied professions, have the expertise in most facets of residential construction. With this background, you have consistently made a valuable contribution to the shaping of Canada's housing policy. This was apparent in your thoughtful and carefully considered brief submitted to the Task Force on Housing and Urban Development. And no doubt, you played a large role in the preparation of the brief presented by your National House Builders Association.

As a measure of the weight given by the Task Force to your proposals, many of your suggestions were included in its report, and virtually all of your recommendations dealing with Federal responsibilities, appeared in the form of amendments

made to the National Housing Act last June - amendments that are having a distinct impact on this year's performance.

Our current and future medium-term housing needs are well known to members of this audience. So too, is the nature and scope of the accelerating growth of our population and of its consequent impact on our cities. All of us I believe, can therefore be considered well-informed on the demand component of the housing market for the next few years.

And in assessing the challenge ahead it is apparent mortgage funds are a prime consideration both from the point of view of the builder and the home-seeking public.

We stand on common ground -- the Toronto Metropolitan Home Builders' Association, affiliates of your national organization, and all levels of government in seeking means to assure a constant and adequate flow of mortgage money. This search for funds not only supports our mutual objective of a continuing and quickening pace of residential construction, but also of building homes for people within a price range they can afford.

In your briefs to the Task Force on Housing and Urban Development there was an implicit expression of support for achieving our housing objectives - in the main - through the efforts of the private sector. This principle was recognized in the Report and in subsequent amendments to the National Housing Act.

The Task Force on Housing and Urban Development indicated a target of one million new homes during the period 1969 to 1973, and it becomes increasingly clear that this target must be met if a deterioration in housing conditions in Canada is to be averted. However, the achievement of one million new homes in five years will not solve our housing problem. It will meet our requirements for new accommodation, will permit a modest reduction in the number of doubled-up families, and will allow the removal of some houses that have outlived their usefulness. It will also set the stage for an even greater effort during the following five-year period.

But the fulfillment of this quantitative target is not in itself enough. It is imperative that the million new homes provide suitable accommodation for the poor, the old, the disadvantaged and the working people - the middle income group - in fact, the whole capability and need range of our society. Should we merely produce a million new homes for the wealthier quarter of our population, we will have failed in our efforts.

I am committed to a program of this magnitude, and you may be sure that I will do everything in my power to bring it about.

In its recent report the Economic Council has warned that failure to meet these targets, and failure to meet the needs of lower-income families will quickly result in a housing shortage of serious proportions.

In a free society the Federal Government alone cannot provide the funds, or even the bulk of funds, necessary to achieve our housing and urban purposes. We must be able to count on the willingness of the private lenders - the chartered banks, the life insurance companies and the trust companies - as we have in the past - to invest in residential mortgages, and to give housing the kind of priority in their investment policies that the situation requires.

Careful attention has been paid to the recommendations of the lenders to the Task Force on Housing and Urban Development, and to subsequent suggestions made to me by representatives of the lenders. Nearly all of these matters referred to me have been dealt with by amendments to legislation, amendments to regulations or adjustments in policy..

The National Housing Act interest rate has been freed to find its own level in the capital market. Regulation 20 has been abolished, to permit equity participation by lenders.

The five-year roll-over mortgage has been introduced. The National Housing Act insurance fee has been reduced, and other improvements have been made to the loss settlement provisions of loan insurance. All these changes have been designed to encourage our private lending institutions to participate to a greater extent in housing investment - for residential mortgages to compete with other demands for capital.

It is not enough for governments at all levels to give high priority to meeting our housing needs. Our requirements can only be met if the private lending institutions are prepared to carry out their social responsibilities to the extent demanded for these requirements.

For most of this year, the flow of funds from the private sector into housing investment has been sufficient to mount a housing program that will likely be the largest that we have undertaken in any year - approximately 200,000 housing units.

This scale of activity of the private lenders has enabled the Federal Government to direct a greater thrust of its lending activities to other areas of social concern. More than one-half of the funds made available to Central Mortgage and Housing Corporation has been devoted directly to the needs of low-income families, the old

and the helpless, with most of the remainder allocated to infrastructure programs such as sewage treatment loans - land assembly - student housing, etc. This area of special social concern in our housing program is one where the Government can help, must help, and is anxious, willing and determined to do so. It is my hope that in coming years more and more of the direct Federal housing funds will be used for these purposes, but this will only be possible if the private lending institutions are prepared to carry their share of the burden for housing capital generally.

So here - in a nutshell - is a basic tenet of my housing philosophy and strategy.

I recognize the needs - and the problems - of the middle income - and the more affluent. They have a legitimate place - a legitimate claim. Both their claim and their place is accepted and recognized. The qualification and complication that follows in these times of inflation - is in judging who is in what income group - in terms of real income, real buying power in relation to increasing costs. Be that as it may, the better organized - the middle and upper income groups - can cope in the open market - even at today's costs and interest rates (deplorable as they are). They can cope as long as there is a flow of mortgage funds. This large group generates the larger portion of our housing needs - and this group must be served by the private sector - the lending institutions.

But the Economic Council of Canada (Sixth Annual Review) says "We do not believe that there is the slightest hope that the free play of market forces can bring about a solution to the housing problems that low-income groups now face in this country".

I hope we - collectively - can change the conditions which merit such a comment. But for now - it seems valid. And until we can change those conditions - I believe governments must intervene.

So - it will be my policy - agreed to by my Colleagues in Cabinet - that the highest possible proportion of direct Federal investment in housing - the capital budget of CMHC - will continue to be devoted to housing for low-income groups - in the terms of "limited-dividend", "non-profit", "cooperative" housing and public housing. Beyond that - it is my personal view that governments must examine, openly and receptively, new programmes such as subsidized home ownership - direct rent supplements.

But - at the risk of repeating myself - the bulk of housing capital needed - shall have to come from the lending institutions. If for any reason, they cannot or will not meet this challenge - this obligation - then, all the options open to the government to correct this deficiency must be considered.

For - although there are many housing - urban problems to be solved - the most critical at this time is the availability of mortgage money.

You gentlemen, as leaders of the house-building industry, can and must also play your part in the provision of low-income homes as well as the larger housing market. One important way of providing housing for low-income families is through Section 16 of the National Housing Act, formerly the limited-dividend housing section. Important changes have been made to this portion of the Act.

The loan ratio has been increased to 95%. The limitation on the dividend has been removed, and the period of required rent control has been reduced to fifteen years. These changes have been made to encourage private companies, cooperatives, charitable organizations, even individuals to participate in the important work of providing good housing for our disadvantaged people. Your industry has responded in a most encouraging way - and I appeal to any of you who have not considered this program, to do so.

Under this plan, in 1969, we will have committed in excess of \$166 million for rental housing projects designed especially to meet the needs of lower-income people and the elderly. This commitment will provide almost 14,000 new homes for needy families.

In Metropolitan Toronto, which you represent, you have a special challenge. Land costs are high, and often in short supply. Construction costs are troublesome, but I have no doubt that if you put your mind to it, ways and means can be found in this great City to make the provisions of Section 16 as effective as they are in the rest of Canada. You have done it in the past and I have no doubt that if you have the will, you can continue to do it in the future.

All of you are aware that the public housing program conducted by the Federal Government and the provincial housing agencies is growing rapidly. More subsidized housing for the very low-income groups will be put under construction this year than any previous year. Here, too, is a field in which you have an active part to play. These much needed homes can only be built by the house-building industry. There are no large federal or provincial construction organizations devoted to this task. We rely on you to use your expert knowledge and skills to meet this need.

In your brief you also described the scarcity and high cost of serviced land and understandably you related this to the situation here in Toronto. There is no denying that the price of a residential lot in Metropolitan

Toronto is the highest in Canada, and although of scant comfort to members of this audience, land costs are on the increase in every major urban center in Canada.

Certainly, we must also take into account the impact that a diminishing supply of serviced residential land has had on the overall price of housing.

Land costs and the whole process of land development and marketing are not well documented except for transactions conducted under the National Housing Act. However, while this information covers only one sector of residential activity, it can be employed to illustrate some of the reasons for price advances to present levels.

A substantial proportion of higher prices has undoubtedly resulted from demands by municipalities for developers to install a variety of fully-paid services into new subdivisions. Increasing financial strains felt by some urban municipalities led to the expedient of requiring the developer to pay for mainline services and flat imposts for each developed lot.

As a result of these and other influences, the price being asked for a building lot represents a totally disproportionate share of the overall cost of a house in the metropolitan region.

As I have already stated, the growth of our country is dependent on the free play of our economy. And there are incentives to encourage individual initiatives that provide a collective benefit to the nation as a whole. One of these is the universal recognition of a reasonable profit in any area of private endeavour.

But, Mr. Chairman, some of the methods employed in land development convert the advantage of monopoly into a demand for returns that are not only unjust but are in direct conflict with the economic welfare of this great city. Urban growth and its need for serviced land balanced against a dwindling supply, exert sufficient pressures in themselves to maintain a high price level without the unwarranted intrusion of the land speculator.

Since 1949, the National Housing Act has provided for the assembly of raw land under federal-provincial arrangements and its conversion into subdivisions. While some municipalities made extensive use of these provisions and today can offer lots for sale at moderate prices, its employment across Canada on a national scale has been disappointing.

Realizing this and taking into account the concern expressed by you and your national organization, last June's amendments to the Act introduced a new approach to land assembly involving high-ratio loans providing more flexibility for provinces and municipalities. The intent is to give new federal incentives for local government participation in land development to meet both current and future needs.

Other matters of urgent importance were emphasized in your briefs, and subsequently and graphically reflected in the Report of the Task Force. As all of you fully appreciate, many of these were beyond my sphere of responsibility as the Federal Housing Minister. But many of them have an important impact on housing and the urban fabric generally and in this regard, I have held many discussions with colleagues charged with housing responsibilities in provincial and municipal governments.

We have discussed the urgency for urban municipalities and provinces to place administrative, financial and planning authority at a level consistent with regional responsibilities.

No one, for example, can deny the detrimental effect of each borough here in Toronto retaining authority for the preparation and administration of separate building standards. It is widely acknowledged that acceptance of a

National Building Code would not only facilitate housing construction but would also lower costs. Since municipalities are the "creatures" of the provinces - it is provincial initiative that is needed in this and so many other housing matters.

I also realize -- and this has not been difficult -- that a shortage and high price of housing and the astounding pace of urbanization are interactions of a most complex nature. City growth and the supply of housing should be anticipated as a matter of practical policy and plans formulated ahead of the event. But, all too often, this growth results from a myriad of individual initiatives without benefit of a master plan or controlled development pattern.

I have seen and inspected inadequate housing, overcrowded conditions, and poverty in its rawest and ugliest form. And I have talked to the people who suffer from these conditions. Nowhere is the impact more startling or incongruous than in an urban core too frequently located just around the corner from a busy and affluent city life.

These are but some of the problems facing an urban Canada. And if clean and safe housing is to be the rightful heritage of all our people, every means at our disposal must be exploited to place good accommodation in the right places and in numbers sufficient to satisfy a growing and legitimate demand.

I am not prepared to rest with the programs now under way - important as they are. I believe that many things can be done to improve the quality of life for low-income families - for all Canadians. The way we do things now is not necessarily the best way of achieving our purposes, and the search goes on for better ways to preserve human dignity and improve the quality of life for those who require our special assistance. In our search for better methods we will not allow ourselves to be diverted from the needs of the moment, but we will continue until we are satisfied that our procedures are the best that can be achieved, and that new programs will be introduced as time and circumstances demand.

FOR RELEASE:
7:00 P.M. (EST)
NOVEMBER 5, 1969

CHECK AGAINST DELIVERY

REMARKS BY
HONORABLE ROBERT ANDRAS
FEDERAL MINISTER RESPONSIBLE FOR HOUSING
AT
ISRAEL BOND CAMPAIGN DINNER
IN HONOR OF LEADERS OF TORONTO CONSTRUCTION INDUSTRY
INN ON THE PARK
TORONTO, ONTARIO
NOVEMBER 5, 1969

Mr. Chairman, Honoured Guests, Ladies and Gentlemen:

The fact of your presence here tonight for this particular event suggests that you are keenly aware of the state of Israel, its turbulent history, and its remarkable economic progress. A short time ago I was made aware of a more profound dimension of that nation that has great relevance for our own country, Canada. One of my officials returned from a trip to Israel four weeks ago. He spent a fascinating evening with my wife and me, pointing out how impressed he was with the wide public participation in the political life of that country, leading to a degree of national cohesion and a sense of national purpose that permitted that society to build a nation, literally from the desert up.

It seems to me to be highly appropriate that we consider together, this evening, the lessons for Canada from this process of nation-building. On your part, your familiarity with Israel's experience provides you with a model of great potential importance -- it is working. Furthermore, many of you play key roles in this great city, in this province, and in this country -- roles that are essential to the nation-building process. For my part, I am concerned with one particularly important area where nation-building seems to be going awry -- the city.

The Federal government, as was stressed in the House recently by the Prime Minister, is deeply conscious of the process of urbanization and its consequences. As the Minister responsible for housing, I would like to indicate some of our recent thinking about the housing and the urban field. Because I am impressed with the Israeli example, where informed public dialogue is an important step in the formulating of cohesive social policy, I want to present my ideas to you for your reaction, comment, and even dissent. I hope that from this will flow a process -- a continuing debate on the kind of Canada, the kind of environment, urban as well as non-urban, that we would like to build.

All too often, debate takes place on the detail of specific programs and the broader and more important questions of direction, of objectives, of goals is lost sight of. Consider the Toronto debate on the Spadina Expressway, for example. Here you have arguments over land costs, expropriation powers, automobile capacity, congestion, and so forth. But few seem to care about the total effect -- the effect of such a program on the future society that Toronto will be. Unfortunately, this is not the exception -- this narrow attitude is the rule in Canadian cities. Our environment is not being shaped by conscious foresight and agreed-upon goals, but is determined by the accidental interaction and ad hoc responses of complex economic, social and political forces.

How do we begin to deal with building a better urban society? An essential starting requirement is a catalogue of what we know about Canadian cities, what they are shaped by and how their problems arise. Then some problems encountered in past efforts to deal with them might be noted. Finally, a rationalization of our current approaches in the housing and urban development field in the light of these perspectives can be attempted.

We can progress from at least one significant fact. We know statistically that there is a major migration to "urban regions" in Canada, in exactly the same way that population has drifted to Haifa, to Tel-Aviv and to Jerusalem. This reflects the growing requirement that modern economic activity takes place in an urban environment. This is not to deny the symbolic and indeed the substantive importance of frontier areas -- in Canada it is the far north and the northern areas of our provinces; -- in Israel, it is the Negev Desert. These areas do supply vital resources for the development process. But the urban economic and social matrix is increasingly the focal point of the nation's life. This, ladies and gentlemen, is a fact.

That we do know - but the implications are less clearly understood. If this urban system, continually growing in complexity and scale is "where the action is", it is clear that much of the action is disheartening for those of us attempting to build a better society. For the increasing importance of the

city ensures that the locus of most of our social problems in the future will be the city. Already there is widespread concern over the forgotten urban poor - the alienated young urbanites - the frustrated middle class seeking shelter - the accelerating pollution of the air and water in and around urban communities - the pointless transformation of most of our central cities into mammoth parking lots - and the general unsightliness of the urban landscape. No doubt observers in the twenty-first century will be appalled at how an otherwise apparently highly intelligent society could have managed first to create and then to survive in such a hostile and repelling environment. Indeed there are signs already that the tolerance limits have been reached -- the escalation of individual and mob violence and the rebellion of the young and the underprivileged have created a state of tension in our largest cities that is referred to as the "urban crisis".

How have matters reached this state? Surely, with three levels of government and the vast resources of an affluent society such a situation ought to have been avoided. Not that there haven't been attempts to deal with some of these problems -- a substantial flow of resources has been poured into housing, schools, hospitals, transportation improvements and more recently, into low income housing and urban renewal. But these policies do not appear to have had any ameliorating effect, and the urban problem deepens.

I would submit that one of the main reasons for policy failures has been the lack of awareness of the interdependencies of these city problems. The city has been viewed as a multi-ring circus where what happens in one ring goes on quite independently of the others. We now know this is not the case -- transportation networks vitally affect housing choices, the latter vitally affect where industry locates, and that in turn can lead to pollution and automobile congestion. Thus, the urban unit is a highly complex system, and solving one problem can create a host of others, perhaps more critical. Indeed, much of the time we seem to be acting like the proverbial doctor who killed his patient to cure his illness.

But if we begin to face the fact that the city is a highly interdependent system, we must then ask ourselves the more difficult questions -- "where is it going?" and "where ought it to go?". Where it is going is not easy to answer -- it depends on key demographic changes and fundamental changes in the structure of our society and economy. New trends in the organization of families, new transportation technologies, revolutionary breakthroughs in modes of communication -- all these will shape the evolution of our cities in ways that are not yet understood.

But even if we knew the answer to "where is it going?", we now have the opportunity, if we only realize it, to say where it ought to be going. Then we can use our enormous

storehouse of creative energy to build the kind of urban society we would like to have. As Bertrand de Jouvenel has said, the future can become a matter of rational choice.

Perhaps, indeed, as a result of new technologies and new conceptions of communications, the city as we know it, will take a different form, as August Heckscher has pointed out:

"In the end, the choice is not merely between different kinds of cities, but different concepts of man. The old vision, which inevitably we seek to save and restore, is of a city bounded and finite, marked by a strong sense of place. It is a vision, likewise, of man rooted in a particular environment ... In exchange for this we have at least the glimmering of a new vision: man becoming largely independent of environmental factors, transcending place, ... sensitive to an extraordinary number of impulses, and in command of unprecedented knowledge."

This exciting possibility of course requires much clearer notions as to what it is we would like our cities to be. What, in other words, are our ends, our objectives, our goals? At this moment, we in Ottawa do not have the answers, but we are wrestling with them. Up to now, we, along with the other levels of government, have been guilty of a very partial - very fragmented - approach to the urban unit. The answer to date has been to urge upon all concerned a greater degree of co-ordination both within each level of government and between them. But this is not enough -- so long as there is no agreement on our objectives, no amount of co-ordination can produce consistent and relevant action. We must

start at the beginning -- with a frank and thorough national debate on objectives. We, as a Federal Government, are not so much concerned at this point with who manages the policy as with evolving a clearly understood, widely accepted, and socially desirable policy.

Allow me to quote - at some length - from a recent^{1.} publication, Goals for Urban America, in elaboration of this point:

"For properly defined urban systems, goals need to be formulated and expressed at two levels. They need to be made meaningful to the citizen at large, and to reflect the major urban concerns of the nation at any point in time. Simultaneously, they must be phrased in forms which lend themselves to quantitative and qualitative programmatic translation.

One of the critical problems faced is that governmental programs and related professional cadres, each with academic counterparts, have provided distinct, divergent responses to the problems confronting the urban system. The different activity systems that have emerged can generally be typified by a series of syndromes: the "economic", the "environmental", the "health, education and welfare" and the "natural resource and transportation". Each is identified with a cabinet department or other major unit of government. Each represents a vertical response to the problems facing cities, a response of government to provide a particular kind of public service. Over time the horizons of each activity have been extended, as a result of the recognition that the capability to solve problems depends on a broadening of attention. Thus, each has come to encompass a series of functions more generally associated with other activity systems. The total result is a compounding of the felony. The continued response is one of the overlapping and duplication of functions with other activity systems and consequent competitive and often contradictory results.

1. B.J.L. Berry and Jack Meltzer, (1967).

Each of the activity systems of government perform an important function, and certainly requires preservation and strengthening. However, what is demanded to attack the current urban crisis is a horizontal response. Such a response, if formulated, would proceed from problem identification, problem diagnosis and prescription, through planning and programming related to the requirements of problem solution.

Subsequently it would call into play the traditional activity systems of government as instruments in the achievement of consciously and rationally determined social and economic policies. This has been achieved in large measure in national fiscal policy and planning. No less is demanded in urban policy, planning, and programming. Accelerated activity, gigantic expenditures, and torrents of new legislation are no substitute for interrelated, meaningful, and skillful intervention using resources as swords rather than shields. The plans and programs required should be designed to influence and shape societal forms, rather than to rationalize prevalent institutional patterns."

Along these lines our new approach, within the Federal government, is to attempt to more fully understand how our economic policies, our regional development policies, welfare policies, housing and urban renewal programs, transportation programs, and the utilization of land owned by federal agencies all interact within an urban framework. We fully recognize now - that the location of a major new airport may have more importance for the urban process than literally hundreds of the other decisions made by government. In the same way, the rate of inflation, or a particular regional development program could have the same implications.

Similarly, we must start to recognize that the introduction of a highway system or public transit system or the clearance of a central business district under urban renewal or the erection of low-income housing projects in a specific location are not isolated acts but have profound and complex implications for an urban system. We recognize that now is the time to attempt to relate all these diverse factors. And now is the time to understand how these policies complement the decisions of other levels of government.

This investigation is still embryonic -- we don't have the answers yet. Perhaps you will therefore understand my increasing reluctance to jump into new programs, or expand old ones. Every time pressures are placed upon me to pour your tax money into more urban renewal schemes - for instance - I ask myself the question why? What is the purpose of the proposal, what will the consequences be for our urban environment? Often the answers come out against the proposal. Obviously the Federal Government does not intend to pull out of urban activities -- many are vital to the national interest. We will, however, avoid new and further major interventions until we have at least sufficient understanding of the consequences to justify them in the light of better-identified urban objectives.

We must not and will not start the other way around: by solving problems on an ad hoc basis or on intuitive knowledge which we know is wrong more times than right. We shall pause before we commit hundreds of millions of scarce dollars and other resources that belong to our children as well as to us, to blindly respond to ill-defined pressures or the immediate heritage of decades of bad planning. It will take time to discover the right way to do these things, and I am quite prepared to delay decisions for another six months or even a year to ensure that we are on the right track.

As part of this learning process, I want to involve everyone concerned -- you, the public, other levels of government, and the urban experts. My aim is to arrive at a consensus about the kind of environment we would like to have in the future. Let us choose a target date -- say the year 2,000. What kinds of cities shall we build for ourselves -- how large, where, how clean and how quiet? What shall our homes be like, and whose needs shall they serve? How can we devise structures to permit us to choose solitude or community according to our needs? How can we reconcile the beautiful with the efficient; stability with change; equity with material progress?

If we can discuss this, we can begin to sketch in the outlines of our desired environment for the year 2,000. Techniques for achieving it will have to be devised, but I am

convinced this can and will be done. In the process, we shall be embarking on perhaps the most exciting journey of our short history -- a journey that will give us as Canadians a sense of purpose, a sense of community, a sense of nationhood. It can divert attention from the things that divide us to the things that can unite us. It can enlist our young who seek to rebuild our society, and the old who seek to preserve that which is good in it. It is a mission that none of us can achieve individually, but all of us can succeed in attaining together.

Tonight I have come to you to emphasize how important this task is to all of us. Your desires as citizens of this great country are the basis upon which our policy will have to be built. I urge you to articulate these desires -- to debate, to discuss and to participate in this great endeavour. Let us identify and agree on the kind of urban Canada we want to build -- and then let us set about to build it.

FOR RELEASE AT
6:30 P.M., EST
CHECK AGAINST DELIVERY

"FEDERAL URBAN POLICY: FACT AND FANTASY"

REMARKS BY
HONOURABLE ROBERT ANDRAS
FEDERAL MINISTER RESPONSIBLE FOR HOUSING
AT A MEETING
OF THE
MOUNT ROYAL LIBERAL ASSOCIATION
FRIDAY, DECEMBER 5, 1969



As Minister responsible for housing, I find myself at the centre of an increasingly ferocious debate over the Federal role in urban affairs. The most significant aspect of this debate, it seems to me, is the complete failure to come to grips with the real issues. The result is talk without thought, invective without insight, and emotion without expertise. Why this should be so, and how we might get discussion into a more productive plane is the subject of my comments tonight.

The reasons for despair are not difficult to understand. This is widespread concern over the forgotten urban poor - the alienated young urbanites - the frustrated middle class seeking shelter - the accelerating pollution of the air and water in and around urban communities - the pointless transformation of most of our central cities into mammoth parking lots - and the general unsightliness of the urban landscape. No doubt observers in the twenty-first century will be appalled at how an otherwise apparently highly intelligent society could have managed first to create and then to survive in such a hostile and repelling environment. And yet, we know that in a matter of years, almost 90% of Canada will be urban. And people continue to flock to the cities, for job opportunities, for culture and other stimulation - to be where the action is.

But awareness of a serious problem does not imply that solutions are easily found. Those who decry Federal inaction attribute our lack of response to the absence of intestinal fortitude. This was certainly the

view of one panel member at Harrison Hot Springs, who declared that we should forget about planning for the future and "get into the city and get our hands dirty".

Not too long ago, this was how policy was formed in Canada. One needed merely to round up the troops, make sufficient noise, and governments could be browbeaten into responding blindly to ill-defined and ill-understood problems. For decades this kind of policymaking has been imbedded into the mentality of too many institutions and individuals in our society.

Should we not stop and ask what kind of urban environment we desire by attempting to conceptualize the future and seek to build rationally towards it ?

It is an easy path for a Minister to march into a city and blindly hand out housing projects and announce monuments to himself in urban renewal programs. It would have been the path of least resistance if the Prime Minister or I stood up at the recent Harrison conference and cried, "Yes, we care for the problems of the City; we as a federal government will move in and solve your problems tomorrow".

Move into "what"? We have been and are already there, and for decades we barely knew what we were doing there, and how the many interventions of the federal government in the urban process relate or contradict each other and how they mesh with policies and programs of other levels of government.

This government, led by your Member of Parliament, has not followed in this well-worn tradition. We are committed to the principle of rational policymaking and this entails two essential ingredients -- an awareness of the public's desires and a full understanding of the nature of the problem, so that we might serve those desires.

We have had great difficulty in ascertaining these two issues in approaching so called urban problems. First, there is still a great deal of disagreement over what the public wants. For example, various groups claim to speak for the same public, but the messages we get are contradictory. Yet, in this complex economic and social urban process, how do the people shape its direction and its form and how do governments seek to resolve the inevitable conflicts between the interest of the broader community and the people directly affected by a particular urban renewal program or housing project?

One could be faced with a situation where residents of an area may be opposed to a particular urban renewal scheme, local politicians favour it, and provincial politicians take a third position. This dilemma, of course, is not unique to the urban affairs sector. Techniques to ensure that the interest of those most affected get expressed are urgently needed to avoid further subjecting our citizens to the impersonal and occasionally dehumanizing processes of the bureaucratic apparatus of the three levels of government. You will no doubt appreciate my skepticism, therefore, when I encounter persons pleading for particular federal action on the basis of their perception of the "public interest".

The second issue, of fully understanding the nature of our urban problems, is even more complex. As I have said recently in Toronto and in Victoria, we do not have a clear definition of the problem. The urban problem for some is poverty, for others, violence and social unrest, and for yet others the frustrating crawl of traffic at five o'clock. Our concern is less with the specific problems than with that phenomenon which makes them peculiarly urban problems.

It is their urban nature which leads to the need for policy, and by urban nature I mean more than their chance occurrence within a city. They are urban problems because they are adjuncts of the highly complex process of urbanization -- a process we are only beginning to understand.

Without a full understanding of this central point, it is a simple matter to advocate policy. To relieve congestion, we build more roads. But more roads bring more cars into centre town, which requires wider roads and more storage or parking. This raises the value of core land above what the poor, who live in that area, can afford. In addition, these roads improve the accessibility of formerly remote suburban areas, and hard-pressed municipalities are financially squeezed by the need to provide schools, sewers and water to these new areas. In response, downtown taxes are raised, further aggravating the plight of the centre-town poor.

This is but one of a multitude of highly interdependent mechanisms that are a central feature of any urban system, and we don't yet know very much about it. For example, we still lack data on who the urban poor are. Are they mostly old and unemployable or young and unemployed? Policies to help the latter cannot help the former, and have occasionally made them worse off. What are the real housing problems? Everyone has recently been faced with rising costs of housing, but should we be concerned with those whose incomes are still rising, or those whose income is fixed? Traffic jams annoy us all, but do we solve them by accommodating more cars, or by encouraging mass transit?

These are key components of our urban problems, yet I say to you that we just don't know most of the answers, nor do those who advocate that we "act now".

But if this reply frustrates you, I can assure you personally that the Prime Minister - myself - my Colleagues in the Federal Government - are aware of the frustrations. We do care - we are giving the matter an extremely high priority. For the first time, and I stress - for the first time -- we are raising these questions, and are trying to answer them, not only by conducting our own inquiries, but by tapping expertise in all parts of this country, and by seeking the views of you, the urban public, who in many ways most fully understand the implications of living in our troubled cities.

If I or the Prime Minister or any of my Colleagues, do not promise bold new Federal initiatives, you can appreciate our reticence. When we collectively begin to understand the workings of the urban system then we can assess the best ways of managing that system to serve our collective ends. At that point, we can seek consensus on the strategies that will allow the various levels of government to achieve clearly understood and agreed-upon objectives. We have made this commitment clear in the Prime Minister's statement during the Throne Speech debate.

"This government is fully aware of the costs and burdens that society bears at the present time for not having, in the past, succeeded in gradually solving the problems inherent to urban expansion. We pledge to remove these difficulties and to find solutions to these problems". The problems of urban Canada are a high priority of this government but nothing will change my deep conviction, nor I believe that of the Prime Minister, that we will respond in a rational manner and not in any other way. At present, the kind of "constitutional debate" that is being generated by demands for federal intervention, is premature, because we are all advocating our favourite partitioning of this problem without an understanding of its simplest elements. I am reminded of the three blind men, each of whom described an elephant in terms of that part of its anatomy over which his hand was passing. We don't learn about elephants from such a process - and those that argue that we know all about cities from a similar process are just as blind, but much more dangerous to us all.

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STATEMENT BY THE HONOURABLE ROBERT ANDRAS, FEDERAL MINISTER RESPONSIBLE FOR HOUSING, DURING A DEBATE IN THE HOUSE OF COMMONS ON MONDAY, DECEMBER 8, 1969.

I welcome this debate, Mr. Speaker, and I congratulate the Leader of the Opposition (Mr. Stanfield) for starting it. I am impressed on most counts by the deep concern about cities expressed by hon. members, and I believe it accurately reflects many general concerns that have been expressed by people living in most of our urban areas.

In my relatively brief tenure as Minister Responsible for Housing I have become very much aware of Canada's serious urban problem. Within the time available to me I have walked some of the streets and talked with people in many urban renewal areas and public housing projects. I will repeat what I said generally in my statement on second reading, that poverty, pollution, frustration, alienation and social unrest do have unique urban dimensions and may reach serious levels in our major metropolitan areas if we neglect the problems.

I must say, however, in all honesty that some of the debate has been superficial. There is an incredible gap between observing a concern, registering a generalization of concern, and in identifying precisely our problem and then beginning to deal

with it in terms of effective policy-making. The gap is immense. It is immense because the first, essential requirement for bridging that gap is to understand, and what we do not yet have in the House at this level of government - or, I suggest, at any other level of government - is a precise and meaningful understanding of our urban environment and its problems.

I have become increasingly conscious, as I have talked with people, both housing experts and people directly affected, that the urban system is an incredibly complicated one. Any view we take of it these days is rather like a snapshot that is out of date the minute it is taken, because it is a snapshot of the working out of the urbanization process that has become the central feature of this country's socio-economic development. Because it is the central feature, all the complex forces of development have come to focus on our cities; the effect of migration and rural adjustment, industrialization, technological progress, and many more forces that are at work in this country. To complicate matters, particularly in determining corrective policies, one must recognize that if these broad forces have played a major role in shaping our urbanization process, each city has been responding and adapting to them in a unique way peculiar to itself, so that each city is developing its own peculiar characteristics and problems and will require its

own specific responses.

Out of all these processes have emerged urban units in this country - this has taken place everywhere else in this world - that are highly complex, socio-economic systems. I think the thing that has impressed itself on me more than anything else is that each part of the social system that is a city and an urban area is highly interdependent in ways that defy simple analysis. I am stressing these points because I sincerely believe that many of us are failing to appreciate how little we understand about this system. The reaction to this problem is to urge us as a federal government to act now without understanding but with serious consequences for the cities and for those most in need of our help.

Let me merely outline, in answer to some of the comments made earlier this evening and this afternoon, some of the most recent of such policies of our government and of other governments, by way of illustration. Let me outline some of the immediate, ad hoc and fragmented responses. Urban renewal was launched with the best intentions to help relieve the serious housing difficulties of the urban poor of this country. But in the process we understood far too little of the complex

working of the housing markets, social groups and urban economy. As a result, in the name of urban renewal we occasionally helped destroy viable communities and inflicted hardship on precisely those we were seeking to assist. Public housing, stemming also from similar good intentions, has on occasions led to the locking of the poor into even more rigid social ghettos.

Those are two examples of where the federal government has been guilty, in which we have participated and in which we have to effect corrections. But there are others - and I am not pointing the finger at any level of government. One has to look at what is going on in many of our major urban areas, in terms of expressways. The downtown cores of the cities are congested. There is a demand for building expressways to join the suburbs to the downtown city core. This will mean more cars, which will in turn need wider expressways, which will in turn require more parking lots. As a result, the land in the core of the cities increases in cost and the urban poor who so often live in these area are denied access to decent housing because of the high cost of land.

Assessments go up in the downtown area, and so do the taxes. Businesses in the downtown area see this trend and head off to the suburbs where they can get cheaper land and production, and so the whole cycle reverses itself all over again. These are some of the ad hoc responses of which governments in nearly all highly populated and industrialized nations have been guilty.

To go back to urban renewal, Mr. Speaker, hon. members are aware of the fact that in August of this year, following discussions with the responsible ministers from all the provinces, I affirmed my predecessor's decision regarding the urban renewal program, and since that time I have carefully reviewed the whole nature of that program. We have had extensive exchanges with the provinces on this subject on the basis of our analysis and findings, and upon completion of the discussions this week with provincial ministers who are in Ottawa I shall make a detailed statement in the House explaining our actions.

As hon. members also know, a similar review of public housing is currently under way. I hope we will be able to announce shortly our policy with respect to this matter, with reference particularly to the 1970 program, but I give fair warning now that it is essential that we receive all the provincial recommendations, have an opportunity to digest them,

and then go back to the provincial ~~ministers~~ to get some kind of consensus before the ~~recommenda~~tions are locked in.

MR. STANFIELD: Mr. Speaker, may I ask the minister a question? In view of the fact that municipal governments are frequently involved in tripartite housing agreements, is the ~~minister~~ simply consulting the provinces or is he also consulting municipal governments?

MR. ANDRAS: I appreciate the question, Mr. Speaker. Yes, I have been consulting representatives of the municipalities too, I think with the consent and support of the provincial ~~ministers~~, by ~~my~~ meetings with the representatives of the Executive Committee of the Association of Mayors and Municipalities, who recently sent me their views on both urban renewal and public housing guidelines, for which I thank them, and which are now being digested.

While I am on the subject of this question, Mr. Speaker, may I respond to a comment made earlier in this debate by an hon. member opposite who implied that the invitation of the Premier of Ontario to municipal representatives to attend this week's federal-provincial conference was in the face of resistance by the federal government. This is not a fair statement of the case. The Prime Minister (Mr. Trudeau) on April 22 and again on June 3 clearly indicated that municipal

representatives at federal-provincial conferences would be welcome, but made the straightforward and legitimate proviso that since the municipalities report constitutionally to the provincial governments, if the municipal representatives came in it would have to be at the initiative of the provincial governments. I uphold and applaud the presence in Ottawa today of municipal representatives from Ontario but, Mr. Speaker, let us call a spade a spade and allow this contradiction to the comment previously made. I repeat that there was no opposition from the federal government to their presence at this conference.

I have referred to the need for a careful review of existing programs of urban renewal and of all the housing programs under the National Housing Act. That analysis of the existing programs marks the first phase of our attempt to understand this complicated urban process. I say also that the second phase necessarily involves an incredibly deep and careful analysis of that process in all its complexity. Accordingly, Mr. Speaker, I have launched an intensive inquiry into the workings of the whole urban area, the whole urban process in our country. I expect and hope to be able to place recommendations before my colleagues in the late spring.

I make no apologies for suggesting that this matter requires further study. I have talked with many people in this country and to many people from other countries, so-called urban experts, certainly people who were concerned about urban problems in their own country, and I find somewhat to my horror that I know of no country, not even among the most advanced industrial western nations, that truly has an urban policy. It is a complex, complicated process. It will require deep analysis, and no superficiality is going to give us answers that are significant. In fact, any failure to dig deeply into this process could do more harm than good.

We are primarily trying to learn how best to deal with the critical urban problems. For example, we want to know who are the urban poor. Are they in the main unemployable, or are they temporarily unemployed? No evidence collected to date permits us to answer even this simple question. We want to know why there is such a squeeze on the revenues of urban governments, and what can be done about it. We want to know what alternatives there are to the current treadmill of more cars, more highways, and then more cars. We want to know what alternatives there are to monotonous suburbs and decaying inner cities.

But part of the problem, and I plead with hon. members to understand this, or join me in the attempt to understand it, in trying to answer these specific questions is that they cannot be answered or dealt with in isolation. Where you put a public housing project of any significant size, where you put an airport or an expressway, has a shaping effect on urban society. These matters are interrelated, and they cannot be dealt with as has been the case in the past, as if the city was a multi-ring circus and what was going on in one ring had no relationship to what was going on in the other rings.

MR. STANFIELD: That is why you have to be in there.

MR. ANDRAS: We will be in there, Mr. Speaker; that I can assure the Leader of the Opposition, and I hope he will join me in the process because this is beyond partisan debate so far as I am concerned. Superficial response and political opportunism will not help us to deal with this problem. We have to understand fully how the problems arise. We have to start treating them not in terms of their symptoms but in terms of their causes. We also need better data on how they are connected to social, demographic and economic change.

To do so we are now trying to analyse the process of urbanization in Canada, and now being well into it I realize the colossal undertaking it is. Once we are able to isolate the key determinants, we will be able to isolate and evaluate the possible alternative strategies for governmental intervention to manage that system effectively. Its objective is to direct the urban system so as to alleviate the critical urban problems and to pursue actively our primary social goals in a country which is becoming essentially urban. But, Mr. Speaker, I am not so presumptuous, and I would challenge anybody to be so presumptuous, as to believe that we will be able to solve all our urban problems as a result. However, I can assure hon. members we will be moving toward greater knowledge about them, not on a superficial, fragmented, ad hoc basis, and we will better understand the role we as a federal government might play therein.

Central to this approach is a keen awareness of the responsibilities of the provinces and their municipalities in the whole area of the urban process. To ensure that their interests and their legitimate roles are kept continually to the forefront I shall launch discussions with the responsible ministers of the provinces. It is my hope we will work very closely together to arrive at a joint consensus of goals and strategies. I was

heartened to learn that the Leader of the Opposition has called for a conference on urban policy within his own party. I trust this means that he agrees with us that understanding is the prerequisite of effective action. Forming committees, decrying inaction and proposing ineffective policies, these are the tactics of those who seek to trivialize and make political capital from our urban problems, not solve them.

I regret to be critical, but this afternoon in the House and in recent discussions I have heard some of this superficial approach to the problems of our city. Surely it is easy to talk of increasing the need to co-ordinate existing federal activities in the cities, as the hon. Leader of the Opposition and as I have been guilty of doing. But we must co-ordinate these activities - and I have added this reservation - in terms of the objectives and the conception of the urban process.

Surely, to do an effective job we must address ourselves to advancing and getting answers to these questions. Would hon. members suggest, Mr. Speaker, that I expand the federal urban renewal program, as the hon. member from Hamilton West (Mr. Alexander) and one of his colleagues suggests, and then seek - and only God knows how - to co-ordinate such a confused action with other federal

activities in the cities? This, Mr. Speaker, is what several hon. members from across the floor have suggested. My answer is no, we should not do this.

We are all fully aware of the seriousness of the problems. The fact that the vast majority of members of this House, and most particularly of this government, represent urban ridings has ensured that recognition on our part. What we seek are solutions, not sops, effectiveness, not emotion; and relevance not rhetoric. We are playing our part.

STATEMENT ON URBAN RENEWAL BY THE HONOURABLE ROBERT ANDRAS, FEDERAL MINISTER RESPONSIBLE FOR HOUSING, IN THE HOUSE OF COMMONS ON THURSDAY, DECEMBER 18, 1969.

Mr. Speaker, after personal meetings and discussions with the responsible ministers from the provinces I announced on August 14 that:

Until a more well defined and logical long-term Canadian urban renewal policy can be formulated and enunciated, municipalities with urban renewal schemes presently in preparation will have to elect either to suspend further study or, alternatively, to complete their work in the knowledge that additional federal funds for implementation of the schemes may or may not be forthcoming.

At that time, also, I approved six projects and authorized negotiation for limited participation in six more. Shortly following that action, all municipalities preparing urban renewal schemes were informed of this announcement by letter.

More recently, Monday, December 8, I informed hon. members in the House that we have launched a full inquiry into the whole process of urbanization in an attempt to establish a set of rational objectives and a co-ordinated policy and program framework at the federal level, involving consultations with provincial governments and other interested parties. Our basic concern is to see that the causes and not just the symptoms are dealt with and that existing or proposed new interventions are related and productive. The urban renewal program, as administered under the

National Housing Act - 1964 amended - is but one small component of the broad and complex process of urban redevelopment. Urban growth reflects the actions of three levels of government and numerous private market forces; yet this one intervention - urban renewal - particularly, has not been linked with these other actions.

The program is an extremely rigid instrument. It is rigid in its requirement for a three-stage process - study, scheme, implementation - and in the resulting commitment to action in a tightly designated small section of a city. The process is tortuously long, resulting too often in stagnation and, in its final focus, removing the flexibility of a municipality - for example, in applying resources to a series of perhaps dispersed but planned interventions for clearance, rehabilitation and redevelopment.

Moreover, in the absence of clearly defined economic and social goals, including the provision of housing for the most disadvantaged income groups, the program appears to have served a multitude of often contradictory purposes which were never foreseen in the original definition. For example, as a result of urban renewal activities to date, there has been a net loss in low income housing stock.

As I said on December 8, we are embarked upon a deep study of the urban process - identification of the determinants of urban growth, the causes of urban problems, the inter-relationship of governmental action at and between each level, and the other forces at work. At this stage, I admit quite freely that we are impressed mainly by the complexity of the social systems that cities have become. The finding of solutions will be a major undertaking involving much expertise, all governments and the public - consultations which we will seek and welcome.

In the meantime we do not see the wisdom or justification for an expansion of government intervention, of major new dimensions, in programs such as urban renewal, some forms of which are doubtful in their results. We see rather a need for more emphasis on low income housing and such investments that provide clear and more immediate benefits.

If, Mr. Speaker, I accepted only those urban renewal schemes about to be brought to the implementation stage, the federal treasury alone would be involved in ultimate expenditures approaching \$400 million and loans up to two-thirds of the total grant. Provincial and municipal expenditures would have been on a similar scale. No rationale could be devised to support an immediate decision to commit such a level of expenditure when so little is lost in this pause until a sounder basis is provided.

Having said that, however, I should note that even in this transitional stage, Mr. Speaker, there are some schemes to which all three levels of government have an identifiable commitment and which, in our view, can be accepted within the general concerns I have expressed. Over and above the six on which negotiations started in August, there are 12 such projects distributed between the eight provinces of Newfoundland, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

Within specific dollar amounts in each case, I am offering to the provincial ministers responsible and have authorized CMHC officials to proceed with negotiations toward at least partial implementation of these additional 12 projects. To fund the federal grant share of these and other approvals up to and including this year, federal expenditures for this program will be maintained at a level of approximately \$25 million annually for the five-year period 1970 through 1974.

This compares with expenditures of \$7.5 million in 1967, \$12.5 million in 1968, and \$23 million in 1969. Beyond that, further investments in urban renewal are most unlikely at least until the urban policy review is complete next year, and it is quite possible that the results of that review will indicate the need for new directions and programs of urban assistance.

For those communities with schemes in preparation but not ready or not approved, I have asked my officials to re-examine each project in order to determine whether some of the work they wish to do can be accomplished by other NHA programs - land assembly section 16 or section 40 loans, public housing, sewage treatment loans - or whether they can be assisted by other federal departmental programs. Some municipalities have already begun to negotiate redevelopment with private sources - I understand with some reason for optimism - and others may wish to do the same, based upon the schemes prepared. Should communities wish to de-designate the areas set aside for urban renewal, we shall certainly honour our commitment to contribute to the cost of the scheme preparation completed to that date.

In conclusion, Mr. Speaker, I wish to say that inherent in this approach I have outlined is a principle to which I subscribe, that of the need for constant program evaluation. Even the most well intentioned plan conceived can encounter unforeseen weaknesses and changing priorities and conditions when executed. Failure to undertake critical evaluation as a constant requirement so that these weaknesses are identified, or failure to adjust to the need for change, even though inconvenient and sometimes painful, leads to the waste of scarce resources and would be irresponsible.



REMARKS BY
THE HONOURABLE ROBERT ANDRAS, P.C., M.P.,
FEDERAL MINISTER RESPONSIBLE FOR HOUSING
AT
THE ANNUAL CONVENTION
OF THE
NATIONAL HOUSE BUILDERS ASSOCIATION
NIAGARA FALLS, ONTARIO
FEBRUARY 4, 1970

THE SEVENTIES: THE DECADE OF THE URBAN CHALLENGE

Mr. Chairman, Distinguished Guests,
Ladies and Gentlemen:

As we enter the 1970's and face the challenges of a new decade, it is perhaps appropriate that I should be making my debut today at your Annual Convention.

I am, of course, well acquainted with the aims and achievements of the National House Builders Association and with the progressive nature of your philosophy and activities. Indeed, it has been my privilege to meet with members of your Executive on more than one occasion since I became the Minister Responsible for Housing in May, 1969.

I understand this annual meeting has become the occasion at which the federal minister responsible for housing gives a "state of the housing market" address. This tradition is a good one, because it permits those of us most directly involved in and concerned with housing to discuss, in a frank and open way, matters of mutual concern.

This year, which marks the beginning of a new decade, offers a greater challenge to us, and that is to take a longer view of what we are doing and what we might do. It is an opportunity to ventilate our minds, to reassess those ideas and attitudes that were moulded in the past, and to chart new directions for the future.

No single event conditioned our attitudes to housing more than the events surrounding the last war. At that time, it was clear that the backlog of housing needs was so great that an all-out effort to build more housing was begun. We were successful beyond our wildest expectations. Thanks to the efforts of the building industry, Canadians are now among the best housed people in the world. In the past decade, your housing output has all but eliminated substandard housing, and has provided for a gradual elimination of overcrowding in almost all parts of this great country.

But while we were busy meeting this challenge of the past, we failed to notice the emergence of our problems of the future. We became so concerned with the number of homes we built that we neglected the people who had to live in them. We encouraged people to acquire single family homes, but this necessarily led to a rapid elimination of accessible land. Gradually, only the increasingly affluent could acquire what we presented as the ideal. A growing majority has been forced to move into land-saving multiple-unit residential structures. By continuing to focus on quantity, we have failed to realize that the trend to multiple dwellings, however modern and well-equipped the units may be, are not suitable for families with children. This failure was evident some time ago, but because it is easier to solve problems of quantity than problems of quality, we have failed to act so as to meet the human needs of modern urbanized Canadians.

This same attitude, that a house is a house, has led us to completely ignore those individuals in urban Canada that are excluded from the normal market channels because of their low incomes. There is a great deal of mis-information on who the poor are, because they are not easily identified in huge, impersonal metropolitan areas. Some preliminary findings from the study I launched some months ago reveal that some 60% of the poor

in large urban centres are not even employable, with the greatest proportion of these elderly, and the rest mostly handicapped. Consider further the situation of these groups -- they have very imperfect knowledge of housing conditions, they are lonely but extremely immobile, lacking cars in an automobile-oriented society, and they require access to unique services, such as para-medical assistance.

Another 15% of the poor are large families with 3 or more children. They need recreation space, access to jobs and decent schools, and large enough accommodations to permit individuality to flourish.

It is clear that the needs of these two groups alone are extremely disparate. Building additional multiple dwellings, perhaps somewhat lower in price, does provide them with clean and warm shelter. But it is surely not beyond our capability to direct our collective resources away from the provision of unimaginative, massive stifling complexes and towards an attempt to fill the requirements of these disadvantaged groups.

But the problems of the poor are ultimately only a symptom, however severe, of a much larger problem, and that is the general failure of our cities to serve their inhabitants. The rapid rate of urbanization in the past has been in large part

responsible for the locking-in of the poor in the core and their growing hostility. It has driven middle and upper classes to the suburbs, it has led to traffic congestion and air pollution, and it has sapped the resources of local government, preventing them from even keeping up with their problems. Despite the increasing evidence that our cities were growing out of control, we continued to assume that the only urban problem was housing, and as a result of that incorrect assumption, our housing policies no doubt fed the degenerative process. If urbanites have grown in affluence, the costs of maintaining their position have also grown. Rapidly rising housing costs, municipal taxes, and transport costs erode their income gains, and the quality of life in the city is increasingly threatened by the erosion of the natural and man-made environment.

The challenge of the next decade then is not merely a quantitative one. Very rapid increases in the population will impose a need for some $2\frac{1}{2}$ million dwelling units, and I know you can build them for us. The challenge I throw out to you, is whether you can build the relevant ones -- can you accommodate the elderly so that we might recapture the dignity of old age that our search for material progress has discounted -- can you give the children of the poor the sort of housing that

will help them escape the vicious circle of poverty that enslaves them -- can you build cities on a human scale, so that our young will be challenged to join in our search for a better society, rather than dropping out under its oppressive, and uncaring dead weight?

I think we can, and I have just demonstrated this belief in the budget I presented to Parliament on Monday for the first year of this coming decade. I have increased the number of low income housing units that CMHC will finance to 35,000 in 1970. This is one-third of all the units we have built in the preceding 20 years. In my opinion, it falls far short of our needs, but it is a clear, unequivocal signal of my commitment to the goal of eliminating the housing problems of the poor.

You have conveyed your concern with current mortgage market conditions to me, and I am sensitive to your problems. We need your capability to produce housing, and do not intend that this should be weakened. Yet we are also concerned about the longer-term dangers that inflation poses for the economy, in terms of distorting priorities and in redistributing income - against those very poor whom we should be assisting through the provision of housing. It is this broader problem that has led us

to tighten the supply of money, which has most affected you. Despite this threat of inflation, we are determined not to let our quantitative goal of 1,000,000 starts for the 5-year period 1970-74 be jeopardized. I have not only preserved the volume of funds made available through CMHC's budget but have had it increased over last year's amount by over 20%. This will provide for some 12,000 units, enough to offset the possible shortfall for 1970.

But of this total of \$854 million, I have designated at least \$570 million to the group to which I have assigned the highest housing priority -- the poor. Our interests thus are not in conflict, but converge. I have made available a substantial increase in resources to alleviate your money problems. You can assist me in alleviating the problem of the poor by going after those funds and putting in place low income housing. Furthermore, I have reserved \$200 million to assist those of you who can come forth with new and better ways of meeting the needs of this group.

This is the first step we can take together into the coming decade. It is hardly enough, for if the urban system continues to degenerate, we may be filling a bottomless pit. As the results of my study begin to take shape, new and greater

challenges will arise. I trust we shall be able to combine our resources, our imagination and our dedication, so that ten years from now, on a similar occasion, we can look back upon the preceding decade with some reassurance that we were relevant, we were effective, and we did successfully take up the urban challenge of the seventies.

RELEASE; 8:00 p.m. EST
February 27, 1970

CHECK AGAINST DELIVERY

AN ADDRESS TO
CANADIAN INSTITUTE OF PUBLIC AFFAIRS, TORONTO
BY
HON. ROBERT ANDRAS
MINISTER RESPONSIBLE FOR HOUSING



(1) The History of the Federal Role in the Cities

At another time, and another place, a speech by any Federal Minister on the topic of the Federal Approach to Urban Policy, would have been extremely brief -- "We have none". That is not to deny that the Federal government already has a major presence in and impact on urban Canada. Our Harbours Board and Seaway Authority play key roles in the largest urban centres. Our airports, our railways and our highway participation are important determinants of the structure and growth of the urban system. The land we hold, the buildings we rent and the structures we build -- the billions we spend -- all account for an important share of activity in the nation's cities.

Up to three decades ago, however, our role remained quite passive -- we just did our thing in these cities, without being very much concerned about the cities themselves. The development of a more explicit interest followed upon our involvement in the mortgage market under the National Housing Act. From an early concern with providing more housing after the war, we began to focus on housing for low income groups and subsequently such urban problems as blight, land scarcity and sewage. Despite this growing interest , we

had no such thing as an urban policy -- our approach was essentially responsive to deeply felt needs at the time. We have had programs but not policies.

A rather broader concern emerged in the past decade -- a time when rising interest rates and land prices were making homes increasingly costly. At the same time, the failure of the cities in the United States was being brought home to us every evening as our newspapers and television sets bore witness to the urban revolution south of the border. We knew there was a relationship between inadequate housing and the urban crisis, but we were not sure how relevant the experience in the United States was. At least two factors led us to suspect that the situation was quite different -- the first was the American race problem in its extremely complex urban setting, and the second was the question of scale -- the cities most seriously affected were generally much larger than our largest ones. So the situation was quite different - but not entirely. These differences were not sufficient to allay our concern. If we had no race problem, we did have substantial urban poverty and extremely disadvantaged ethnic and racial groups in our cities. If our cities were smaller, they were growing faster, and the pressures of growth were bound to be felt sooner or later.

This obviously called for serious attention, and the Task Force on Housing and Urban Development was set up in July, 1968 under the chairmanship of the Honourable Paul Hellyer. The approach taken by the Task Force was that of a public inquiry -- the feelings, thoughts and insights of individual Canadians were solicited, so that the desires of urban dwellers and the problems they faced could be given a public airing. In response to these representations, the Task Force issued a long list of recommendations in its Report the following January. Almost all of the recommendations in the report pertaining to the Federal government have now been acted upon, and indeed we have taken up the Task Force's concern with low income housing by allocating even more public funds to that sector.

But, in the course of the on-going development of our low income housing strategy, several stark realities struck me. The first was that if we were to properly house this low income group, the volume of resources required was vastly greater than anyone had assumed. Second, the very same urban processes that kept this group in poverty appeared to be continually threatening a group even larger in size, namely the one immediately above it in terms of income. A policy which attempted to solve our housing problems by merely building more houses thus seemed to be destined to failure -- the problem was too large, and growing larger annually. ...4

On the basis of these depressing facts, we launched last summer a study of the whole urban situation in Canada, so that we might more fully understand the nature of the urban processes that were leading to these results. Hopefully, a deeper understanding would reveal new possibilities for dealing with our housing problems that offered better prospects for assisting those most in need.

Our studies are not yet completed, but they have revealed that some hard, new and broader thinking is urgently called for. It was Pericles who said, "It is better to think first and then act, rather than have our actions shape our thoughts". That quotation serves a double purpose -- it serves as a cautionary note to those who urge precipitous action to solve our urban problems, and it stands as a guide to our attempt in Ottawa to come to grips with urbanization.

In this light -- and at this stage -- I am delighted to have the opportunity to share my thoughts with you this evening. I intend to set out my view of the problem, and to ask you to attempt to deal with the two basic questions which you are raising at this conference -- who will govern? and who will pay? -- within this context.

It might be a useful start, I suggest, to recognize that in both areas our collective past efforts have been undistinguished. The reason for this is that despite the fact that we are now a truly urban society, very few of us have taken the time or the energy to compute exactly what this means. As a result, we hang onto pre-urban expectations regarding space and mobility, failing to perceive that the very nature of cities as massive agglomerations of people and activities imposes severe constraints on both the availability of space and the capacity for movement. We make enormous demands on our cities for high quality, low priced services, yet we balk at paying the tax cost of our desires. We condemn our cities for not controlling public nuisances like traffic congestion, pollution and blight, yet privately we all add to these nuisances. We beg for higher level government involvement in urban life, yet decry the implicit costs of bureaucratic remoteness inherent in that involvement.

In the simplest of terms, we have drifted into urbanism without a clear understanding of what the requirements of that way of life are. One rule of life is that there are costs and benefits to most actions. The benefits were obvious -- the higher standard of living, the greater cultural and scientific

opportunities, the vastly expanded networks of human contact -- all could best be obtained in an urban environment. But the time to assess the costs has come, and, because we ignored them in the past, the toll has reached dimensions that are truly unnerving.

We can, therefore, react to the Conference's questions: Who will govern? Who will pay? in either of two ways. We can continue to ignore our urban reality, and devise new political and economic forms for dealing with the increasingly irrelevant, somewhat mythological notion of what a city is or we can attempt to try and understand urbanism, and relate our problems and policy needs to this new awareness. It is this latter route that I should like to follow this evening.

The modern urban unit is a direct product of and key contributor to modern economic development. These units provide the enormously important dimension of scale in terms of large accessible markets and pools of labour, skills, specialization and capital that permit modern industry to continually undergo expansion and rapid technological change. Urban growth is thus the spatial aspect of modern economic development.

Two major implications follow from this fact, one concerning the internal workings of cities and the other concerning the relationships between cities.

2. The City as a Complex System

Because of the domimating influence of economic activity orginating in urban areas, the economic growth of the nation had led to a high degree of polariza-tion of national life in the largest cities. The result is that more and more activity seeks to locate in a relatively closed environment -- the rapidly increasing population seeks additional space for homes; industry and commerce seek space for their activities; and the need to move between home and work, and home and markets requires modes of transport that further require urban space. This competition for urban space makes that space more costly and it is this fact of intense competition for urban space that underlies most of our observed urban problems.

Consider first the problem of housing. Since family needs are space intensive, families seek relatively cheaper land in the suburbs. This imposes high costs on the community because, continually, new services must be extended to these land-using areas.

The problem of urban transport is associated with this, for moving to the suburbs entails a higher transport cost. Since the automobile is certainly the most flexible mode of transport and probably the cheapest in terms of private costs, the problems associated with the

automobile begin to emerge, i.e. -- pollution and congestion.

The problem of the urban poor enters as well. Since they cannot afford the cost of private transport, they are locked into the core and are forced into inferior dwellings to minimize their housing outlay. As a result they also bear the heaviest costs of pollution and congestion because the road system is most intensely used at the core.

This brief overview reveals that the major problem areas are highly interdependent aspects of the urban system -- they are the result of the competing demands for urban space which relates each problem to the other and reinforces their degenerative effects.

It goes without saying that these become particularly serious in large communities -- smaller ones still have reasonably accessible land at moderate costs. When we examine the situation here in Toronto -- where land prices have accounted for 40% of the increase in housing costs -- we see the urban dilemma in perhaps its most severe form. But size alone is not the only source of the problem. Very high growth rates in urban space requirements, stemming from rapid economic expansion and associated population growth, make the urban process

particularly unmanageable. The population of Metro Toronto has consistently increased by more than $1\frac{1}{2}$ times the national growth rate since World War II. Given its already substantial size, the absolute increases in population -- almost 1 million in the past decade alone -- impose enormous strains on the urban system. These include the high costs of continually extending new services to increasingly remote suburbs, the costs of absorbing large numbers of immigrants and the costs of continually expanding the capacity of the total urban infrastructure.

This perspective permits us to explain - but not justify - why public policy in all modern nations has been unable to deal with their urban problems. By failing to come to grips with the urban unit as a complex system interacting within spatial limits, policy has been evolved in a piecemeal fashion. Housing problems were tackled as if the urban context were irrelevant. We built more land-lavish suburban houses because people wanted them, regardless of the fact that the necessary locational requirements would exacerbate urban sprawl and impose enormous costs on the municipality's finances, through the provision of more schools, more local services and more roads.

Indeed, the greatly expanded need for roads led to a second round policy failure in the realm of transport. If more roads were needed, we built them. This encouraged further suburban sprawl by lowering the cost of access. It funnelled new cars into town, and chewed up more valuable space for parking and new feeder roads.

This in turn aggravated the condition of the poor by reducing the space available to them near the centre of the city. It also made public transit less attractive to an increasing majority of the public, reducing ridership, increasing deficits and thus draining the municipal coffers, and eventually raising fares for the very lowest income groups who were left as the transit riders.

Faced with rising costs and an inelastic real estate tax base, the municipalities reacted in a predictable, ad hoc fashion -- by raising taxes. But taxes add to the cost of land, and the whole process got started on yet another degenerative round. Furthermore these taxes are regressive and penalize those with the least resources.

It should have been clear that the piecemeal approach was getting us nowhere, but apparently the lesson has not yet been learned. Debates about alternative transit modes continue as if the long term overall urban impact was irrelevant. Some side-issues enter the argument -- such as the effect on the core -- but not in the context of the urban totality. Another debate on the merits of a core-oriented as opposed to a diffused urban pattern makes little allowance for the needs of the urban poor. Housing policy remains exclusively that, carried out as an end in itself despite the critical impact of housing on the whole urban structure.

In other words, there is still no apparent attempt to solve our urban problems in an urban context. The problems continue to be dealt with as if the urban setting were incidental, rather than fundamental.

Partly because of the lack of a relevant context for dealing with urban problems, and the resulting frustration of urbanites as their concerns mount in defiance of apparently futile solutions, the public attitude to these has become emotional and angrily demanding of the treatment of the symptoms rather than the removal of the causes. As each new issue comes into the limelight, it is immediately magnified and often distorted beyond its proportions so that rational discussion goes by the board. Too often,

institutional reaction is either trauma or panic patchwork. This is extremely costly in the long run, for it prevents the setting of clear priorities, and leads to a massive mis-allocation of public funds.

Our own studies are not yet completed, but I should like to indicate several of the preliminary findings that help demonstrate the problem of tackling urban policy rationally. First, we have found that the urban poor (as defined by the Economic Council) are mostly old and handicapped individuals, not even in the labor force. A very small proportion of the urban poor are unemployed and even fewer are low paid workers. It is true that the latter proportions are swelled in periods of general unemployment, but these are not the hard-core poor that are of greatest concern. As one result, our low income housing policies which have tended to ignore the old and the handicapped must be seriously reconsidered.

Second, the problem of transport is not easily or obviously solved. In large cities, the auto has led already to such dispersal of homes and jobs, that mass transit can no longer be expected to play a major role in meeting their transport needs. In smaller cities, different spatial arrangements can be made that permit alternatives to cars to be seriously considered, but our forecasts suggest that time might well be running out for many of them.

Third, the problem of local finance appears to be extremely serious. There are grounds for concern that desired municipal programs are being choked off by a lack of money. On the other hand - and this has surprised me - the lack of adequate information on these programs makes an overall assessment of these needs extremely difficult. If we as a Federal government are to help finance these programs, surely it is only responsible for us to insist that they be evaluated in terms of our many other priorities, rather than simply offsetting deficits just because they exist and are growing.

Fourth, the problems of housing that we now face do not appear to us to constitute a nation-wide crisis. The difficulties of acquiring housing in several centres are of concern, but certainly they do not indicate a nation-wide crisis. The increase in high rise dwellings over the past decade has been decried by many as the worst kind of urban housing. We have found, however, that this trend pretty well matched the increase in non-family units, so that there has not been a general situation of more and more families with children forced into high-rise. It is true that low-income families have encountered this problem and we are attempting to devise more appropriate alternatives for them. But we must not be complacent. Our demographic forecasts suggest a very great demand for family-oriented

accommodation in the next decade, and the trends in rising land costs, higher taxes, and interest rates make the provision of such accommodation increasingly difficult no matter how much we assist through our normal CMHC operations.

(3) The Urban System in Canada

This review of the difficulties encountered in trying to deal with the problems of individual cities from an inadequate perspective has a counterpart that emerges when we consider the relationship between urban centres. For economic development entails high-level specialization and trade, and since the activity has become concentrated in urban nodes, the flows between the nodes have locked these urban units into a national urban system. The impact of each city on the others is critical. High land and hence production costs in Toronto get transmitted through the rest of the economy. Unemployment in Montreal dampens demand for all urban-produced goods and services. Successful development in Vancouver affects the whole national fabric, for it draws population from rural and urban Canada and from abroad into its vortex.

Despite these major links, there is no apparent attempt at the policy level to take them into account.

What we have then is an urban policy vacuum. We are doing things to our cities, but not for them. And my judgement is that what we are doing is just not good enough because it is generally beside the point. Attempts to improve our performance by doing more of the same - even if we do it more efficiently - will not guarantee success and may very well aggravate our problems in fragmenting the whole by encouraging the parts to fly off in all directions.

What then can we offer in its place? I have not got a complete answer, but I would like to suggest some issues that will inevitably have to be taken into account if we are to develop a more meaningful urban policy.

First, we shall have to arrive at a broader consensus on our urban objectives. We must try and spell out what we as a nation - and by this I mean not only the politicians - what we Canadians want our urban life to entail - what is realistic - what is acceptable. This means that better ways of communicating our desires must be developed. New channels of communication must be opened, and kept open. Communication must move in both directions - people are not **willing** only to be talked to -- they want also to be heard.

Second, the objectives that we set for our cities must be as wide in scope as our urban reality. The urban problems we now face transcend municipal borders - they are the central facts of life in modern industrial states. As a result, the very basic questions of: what size should our cities be? how fast should they grow? are any cities too big? how does one city affect the others? - all these and more must be part of our urban concern.

Third, we must ask how our policy framework can be reformed to permit a more effective attainment of our urban objectives. How can we rationalize the present delivery system to solve urban problems with the lowest possible cost? How can we allocate revenues to make this delivery system work?

These goals present formidable challenges in an area where the lack of clear objectives, and the failure to understand the very nature of the problem, has led to debilitating conflict.

If this calls for a National Urban Policy, then I would caution that it would have to be:

NATIONAL, not Federal, for this would surely entail the collective response of Canadian society and all its political institutions;

URBAN, not municipal or local, for the senior government does not have the ability nor should it be allowed to run the cities in their infinite and intimate detail, street by street, neighbourhood by neighbourhood.

POLICY, not a collection of random, conflicting, chaotic interventions.

To those of you who balk at this - and there will be many - I throw out this fact. By the year 2,000 we shall have more than doubled the size of our larger cities, and the largest cities may well grow by even more. Our problems now are trivial compared to the sprawl, the unavailability of housing, the noise, the filth, the traffic, the taxes, and even more the violence that we may well face.

The effort will not be easy. We shall have to co-operate, where destructive petty jealousies now predominate; we shall have to make hard choices, where now we bury our heads in the sand; we may have to abort old irrelevant programs in the face of new knowledge and reordered priorities; we shall have to strive for new solutions, where none now exist. But the magnitude of the challenge should not frighten us - for it provides to us as a society an opportunity never before taken up - a challenge to shape our future rather than be swamped by events - a chance to build a nation for the twenty-first century, rather than carry our past mistakes on our backs, - a chance to unite in the pursuit of our highest ideals rather than divide and achieve the bare minimum.

I would ask all of you here assembled to answer the theme questions of who will govern? Who will pay? in the context of this challenge. It is the one approach that appears to offer the greatest potential for resolving the problems of the cities, indeed the nation, with which we are collectively concerned.

STATEMENT ON PUBLIC HOUSING PROGRAM
BY
THE HONOURABLE ROBERT K. ANDRAS
MINISTER RESPONSIBLE FOR HOUSING
HOUSE OF COMMONS, APRIL 21, 1970

Mr. Speaker:

I have indicated to the Honourable Members on a number of occasions that I would be making a statement on public housing program after I had received the views of each of the provinces.

I am pleased to say that, having completed the review of these submissions, I am now in a position to describe to you some steps which I propose to take which, I am confident, will improve public housing in quantity and quality.

Increased Quantity

Honourable Members will recall that when I presented the capital budget of Central Mortgage and Housing Corporation on February 2nd I indicated that our commitments for the low-income housing program in 1969 were for some 27,500 units and that this figure was expected to rise to 35,000 in 1970.

Taken together, commitments for these two years would amount to 75 per cent of all production undertaken in the last twenty years.

As Honourable Members are aware, a substantial portion of these starts, to which I have just referred, will come from the \$200 million temporarily reserved for the building of low-income housing of a kind, or in circumstances, that are likely to yield information or experience which could lead to innovations in the field.

* * * * *

My own studies in all parts of Canada have given me a deep concern -- not only about numbers of units built or projected -- but about the form, quality, location and management of public housing, and about equity in the matter of rents.

It is with these considerations in mind, that we have decided on a number of steps which will have a significant effect, not only on the quality of new low-income housing but on the more effective utilization and management of existing units.

Rent Scale Revisions (Public Housing)

I would like to deal first -- since it is a matter of immediate concern to a great number of people -- with the matter of rents for public housing.

We have proposed to the provinces a revised rent-to-income scale which we feel reflects more closely the realities of the cost of living and the housing market. These proposed revisions are intended to correct

deficiencies in the present rent structure. They have to do with income, as it is used in calculating rents, with security from sudden rent increases, and with family needs.

Just to put these proposals into perspective, I would like to review briefly the existing situation.

At the present time tenants in low-income housing who are receiving welfare payments pay an amount of rent that is equal to the shelter payments which they receive from the welfare agency. All other tenants pay a rent based on their income. The present rent range is from 16.7% of the low to 30% at the higher level of income.

This 30-percent rate was set at a time when families who had reached this level of income could reasonably be expected to fend for themselves on the open market. It was expected that, at this stage, they would move into other accommodation.

In the present housing market, however, many families -- particularly those with a large number of children -- have a great deal of difficulty in finding other accommodation when they reach the income level at which the 30-percent rate comes into effect. They are obliged to stay on in public housing even though they are paying what amounts to an uneconomic rent. In Ontario and Newfoundland provincial government have frozen the rents of such tenants.

Since the level of assistance is based on the simple criterion of income, it imposes a substantially greater burden on a family with five or six children than on a family with one or two children. Although their incomes are the same, the large family is less able to pay.

Where a wife goes out to work, her earnings over \$250.00 are regarded as family income and the excess is added to the husband's in arriving at a rent. On the other hand, no compensation is allowed for one-parent families who don't have this opportunity for additional earning power. For all tenants, additional earnings normally result in additional rent charges almost immediately.

These are some of the inequities which we would like to deal with in proposing revisions in the matter of rents.

We are proposing that:

1. Family size should be taken into account in arriving at rents. Taking a family with two children as the base, we are proposing to make a reduction in the rent for each child over that number -- for instance, a reduction of \$2.00 per month for each child after the second.

2. Working wives should be allowed to make substantially more than \$250.00 a year before it is considered as income for the purpose of calculating rent. We are proposing a level of \$900.00.

3. Similarly, incomes of one-parent families -- for the purpose of calculating rents -- would be reduced by up to \$900.00.

4. The portion of income required as rents from families in the higher income ranges would be reduced from 30 per cent to 25 per cent, to avoid imposing undue hardships on tenants, particularly large families, who can not find alternative accommodation in the present market.

By way of illustration, let us look at the case of a family with five children, and an income of \$4,000 and see what the effect would be of these changes in the amounts proposed.

The family now pays a monthly rent of \$80.00. Under a revised scale, with children's allowance, the rent would be reduced to \$68.00.

If it were a one-parent family, the rent would drop further to \$43.00 -- an overall reduction of \$37.00 a month.

At a level of \$5,500, the two-parent family would receive a reduction of \$15.00 a month. If it was a one-parent family, the reduction would be \$39.00 a month.

5. The final revision which we are proposing, in the matter of rents, is the method of adjusting rents as income changes. At the present time, tenants must notify the housing authority as soon

as their income increases and the rent is raised. We feel all tenants should be entitled to enjoy the security of a fixed rent over a reasonable period of time. For this reason we are prepared to have tenants report their incomes at intervals of two years, at which time any increase in rent would be put into effect. On the other hand a reduction in income can be reported at any time and the rent reduced an appropriate amount.

Before I leave the subject of rents I would like to emphasize that any revisions will be undertaken after consultation with the provincial governments and with their co-operation. We would like to build the greatest possible latitude into these arrangements so that they would be flexible enough to meet particular local conditions. Some provinces may wish to charge rents that are not precisely in accord with the federal scale. In this event, it is proposed that the federal subsidy would be either half of the project losses, or half what the losses would have been if the federal scale had been adopted -- whichever is less.

We have already held a round of talks with provincial authorities and the initial response indicates a substantial measure of agreement with the objects we are endeavouring to achieve.

* * * * *

I would like to deal now with some other steps which we are taking which would have a particular effect on new and existing low-income housing.

1. Social and recreation facilities, in both new and existing public housing projects, will be eligible for federal assistance. The precise nature of these facilities will be negotiated with the agencies concerned.

2. Duly constituted public housing tenant associations will be assisted with grants. As these groups develop, it is apparent that, for the most part, they are reasonable, articulate and informed. This kind of self-help activity deserves to be encouraged.

3. A more progressive attitude to public housing tenants rights will be encouraged with the publication of a revised manual for housing authorities, which will include a model lease.

4. In co-operation with the provinces, we will initiate formal training programs in public housing management. We are providing assistance through our research program -- under Part V of the National Housing Act -- for the further study of public housing performance standards and user requirements.

While it is our firm resolve to increase the quantity of housing for low-income people as expeditiously as possible, no opportunity will be overlooked for improving the physical qualities of new developments to overcome objections to some past projects. Indeed, many of the design proposals for developments undertaken in 1969 were altered to incorporate recommendations of the Task Force and presented to me during my own investigation of projects in all parts of the country.

Certainly, for example, there has been strong criticism of the practice of providing public housing primarily in the form of high-rise apartment buildings. I am in complete sympathy with this concern. The highrise apartment is admirably suited to the requirements of many prospective public housing tenants, especially our elderly citizens who want very much to remain in the downtown areas of our cities. But such accommodation in its present form is not the most suitable for families with a number of small children. And to the best of our ability we must strive to meet these diverse requirements.

We are stressing the need for careful consideration of location of new public housing units in terms of:

- proximity to such facilities as transportation, schools, hospitals, and other facilities of the community.
- dispersal, wherever possible, of public housing throughout the community so as to achieve better integration, avoiding the heavy concentrations that result in physical and psychological ghettos.

The provincial governments,generally, are in full agreement although they wish to avoid precise limitation, by regulation, of the number of units to be clustered by community size.

It is not really practical to be an absolutist in a matter like this. There are occasions when there seems to be no alternative but to have rather high densities and large projects. I am confident the provinces will come forward with proposals that are sound and in the best interests of the communities they are intended to serve.

Another factor which has been given consideration is the whole question of tenant organization and involvement in the management of public housing. I am convinced that giving tenants some voice in the administration of their project is a matter of social justice and would help to encourage a new and healthier outlook all around and remove a major cause of many of the difficulties we have experienced to this time.

Because tenant participation in management is a relatively new concept in public housing, CMHC has recently funded a series of seminars on tenant participation (to be held under the sponsorship of the Canadian Welfare Council) which will identify the principles and problems involved.

In conclusion, Mr. Speaker, I would like to assure the Honourable Members that we are moving with all possible speed to meet the urgent needs of Canadian families who lack the means to acquire proper accommodation. At the same time that we are getting housing on the ground, we are engaged in a continuous process of innovation, evaluation and modification of our program with the object of meeting the whole range of needs -- social as well as physical -- which should be associated with good housing.

Indeed - in the broader sense - the greatest weakness of the public housing program is that it is necessary - and at best is an attempt to treat the symptoms rather than the cause of a deep social problem.

In this whole process, we are deeply involved with our partners at the provincial level. Ideas are being proposed, discussed and modified in terms of national and provincial objectives and special local requirements, and I will be keeping the Honourable Members informed about the progress of these negotiations as they develop.

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CONTRE LA LIVRAISON

Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing



Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

THE 33RD ANNUAL CONVENTION
CANADIAN FEDERATION OF MAYORS AND MUNICIPALITIES
HALIFAX, NOVA SCOTIA
JUNE 10, 1970

Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

One year ago at the 32nd Annual Convention of this Federation held in Ottawa, the Prime Minister and I spoke to the delegates, to you, of our views, our commitments, and our search in the complex areas which concern you and the vast majority of Canadians who live in urban Canada.

What has occurred in this past year, since that day of June 3, 1969, when the Prime Minister of Canada spoke to you and raised some of the options that you are assembled here today to come to grips with?

A year in human history - in Canadian history - is but a brief moment, yet I believe that one can characterize these past twelve months as the year in which the Canadian people and their institutions have begun to accept the realities of urban Canada and all that goes with that altered conception of ourselves.

We know from our psychologist friends that individuals and nations face lags in confronting changed realities.

Canada ceased being an agricultural and rural society in the throes of World War II and the hectic days of reconstruction which followed.

And yet, it is only now that we have looked into the glass which mirrors our nation, and collectively perceived that the culture of Canada today no longer reflects the needs and aspirations of the agrarian society that was, but is, in fact, a modern, industrialized nation, an urban nation.

I leave it to the students and scholars of social and economic change to explain why.

My concern is that this view - this urban view - of the Canadian people, in fact the very set of complex social, cultural and economic needs that are spawned by the urban culture, becomes the basis on which the political institutions in this country seek to provide leadership and response.

There are psychological and social lags in confronting change and responding to it.

There are also political lags.

Our collective task in this country is to ensure that the leadership we provide in all the political forums of this nation -- is not directed solely to shortening that "political lag" through appearing to solve the problems of our urban nation by symbolism and furious activity, but by recognizing that knowledge and the widest possible level of understanding are the first steps.

Anyone who in good conscience can declare that the problems of urbanization are simple and fully understood, or that any nation in the world has adopted successfully, simple, straight line, linear kind of responses flies in the face of all the knowledge that is available to me.

We know of too many of the perverse experiences in our own and other countries to support such a proposition.

This nation, and I am convinced of this, does now accept the fact that we are urban.

The evidence of your brief, the submission by the C.F.M.M. on April 20, 1970, to the Government of Canada, is but one indication of this changed perception.

I know that you will permit my personal recognition of the fact that this very Federation of Mayors and Municipalities has travelled and brought Canadians a long distance in the short span of the last year or two, and especially under the extremely wise and forward-looking leadership of Mayor O'Brien.

Your achievements are an important prerequisite for the steps that we, at all levels of government, must take, if we are to successfully cope with the consequences of the changing patterns of urban growth in Canada.

One could cite many examples to make this case: from the actions of the provinces - in Alberta - its electoral reform to give more weight to urban representation - in Ontario with the recently announced development plan for the city of Toronto - in Quebec and elsewhere.

But, ladies and gentlemen, to you, I know the case is made about increasing awareness of urbanization.

And I want to assure you - and stress that - at the Federal level - our knowledge - more importantly our awareness and concern for urban Canada has risen exponentially in this past twelve months. This and our response has become one of the highest priority items of this government.

We have, and will continue to seek a collective response that will address itself to the realities of the problem that will search for a consensus on objectives that will avoid straight line linear responses, empire building, only symbolic moves or more perverse and conflicting programs.

And to this end, in the one year since I took on responsibility for housing, we have moved.

You will no doubt recall that there were a number of events at that time that led to a great deal of public concern over housing, yet much of this was veiled in confusion over what the real problems were.

I resolved immediately upon moving into this area to get the facts straight. In consequence, I commissioned a wide-ranging internal study not only of housing, but of the whole urban scene in which the majority of our housing problems are found.

Throughout the fall and winter, preliminary findings were reported to me. Many of these offered a clearer picture of our urban problems, and I have been trying to convey them to the public through my speeches and my statements in Parliament.

I am happy to say that the first phase of our studies has been completed. The dimensions of the major urban problems have now been set out and early registered with all my colleagues in the Federal Cabinet. As a result, we have been able to understand not only the enormity of the various problems with which you are required to deal daily, but the way in which these problems are in combination, affecting the course of urban development and the quality of urban life in Canada.

Mr. John Steel said, in his remarks yesterday: "How true it is that the urban Government has the problems - the Provincial Government has the powers - and the Federal Government has the money."

Well, I am not so sure about the money bit - I have a hell of a time getting hold of enough - and I think the provinces and the "Feds" have a few problems to deal with - but nevertheless, in spite of those reservations, there is a lot of deep thought in that comment.

Let me elaborate:

The urban problems of poverty - of housing deficiency - of transportation - of environmental decay - of social unrest are the growing problems of 70 per cent now - going to perhaps 80 or 90% - of Canadians in the next 30 years - and certainly of all levels of government.

But I know that when the garbage collection machinery breaks down - when the sewer backs up - when Mrs. Jones and her six children run out of dough and food and shelter - when the wrath of small or large groups of people really get aroused in your cities - it is your phone that rings first - often at 4 o'clock in the morning.

And I know that your ability to respond - at least in one vital area - money, is woefully inadequate. The evidence on municipal finances does confirm a rapidly deteriorating fiscal position.

From 1951 - 1968 local government expenditures - except for Quebec - increased from \$721 million to \$3 1/2 billion .

And although revenues increased from \$614 million to \$3.3 billion - your direct tax source increased only three times while transfers from higher levels of government, especially provincial conditional grants, increased eight times.

So, in terms of your dependence, first on an anachronistic financial resource base (the real estate tax) and second, on the conditional grant system (hat in hand - on bended knee please) you are kept in a state of controlled inability to respond.

One sometimes wonders if - in some cases - it is not a fear of municipal power in the political sense - that may be a factor.

Is it by any chance the old fashioned male attitude toward the wife - "keep them barefoot, pregnant and in the kitchen" so they won't bother us ?

Well - for whatever the reason - whatever the motive - to complete this series of fuzzed metaphors - it won't wash in modern Canada . It won't permit us to deal with urban problems - seize urban opportunities - in modern Canada .

Certainly - within each single urban unit - city - municipal government is going to have to deal with most of the problems .

And they are going to have to acquire access to the resources to do so.

But, please hold your applause - this is not agreement to the often repeated cry of many mayors. Quote - "We know what the problems are - we know the solutions - just send the money."

I don't deny that you know, perhaps better than anyone - what the problems are - that you may have many very sound program solutions - but I do say that even if you had the money, you cannot alone deal with the causes and consequences of urbanization. Because - in many cases - you cannot get at the causes of your problems.

You - the cities - are the recipients of the effects (good and bad) of so many policies which clearly lie in other jurisdictions - and which transcend municipal and often provincial boundaries. You receive immigrants from other countries and migrants from other parts of Canada, but you do not, and probably should or could not, control immigration policy or mobility policies.

You receive people and goods via transportation systems that serve more than the needs of one city - yet have a major impact on the individual city - and the decisions regarding design and location are made elsewhere.

There are regional, provincial and national policies - rightly so - all of which affect your ability to deal with your "in-city" situations. And we have found that dealing with the "in-city" problems is not so easy as many would have us believe.

The obvious solution to slums is not solely to remove them - that aggravates the housing problems of the poor.

The obvious solution to transport congestion may not be to pour more money into expressways - the long term consequences tend to be perverse.

The obvious solution to inadequate resources - perhaps your major concern - may not simply be more transfers.

If this angers you, let me explain.

The basic causes of your dilemma lie in the extremely high rates of increase of municipal expenditure. What are the reasons for this? In part, it reflects the nature of urban services, that are not prone to productivity gains (housing for example) and hence face rapid cost increases.

However, in part it reflects a desire for an increasingly better quality of urban services, and the price rises reflect the reality that these improvements do not come cheap - if they are desired, those who want them must be made aware of the costs entailed.

Finally, and perhaps most important, these costs may be the result of a passive attitude to urban expansion or even, perhaps an illogical worship of unplanned, uncontrolled fast rate of urban growth - a process which, when undertaken without foresight, leads to extremely rapid and inefficient urban development and hence inordinate pressures on the municipal treasury.

Public transfers that subsidize this process - that foster even faster unplanned growth and more sprawl - are not only wasteful, but inevitably lead to an even greater crisis in the future.

We can see, therefore, why we have not responded to your demands for new resources with blind haste - we are unwilling to commit resources that not only will fail to solve your current problems, but which will aggravate your future problems and demand an ever-increasing share of public resources. You no doubt feel we are temporizing because of the need to spend more money. If so, you misjudge our deep concern over the urban situation and our desire to seek out the most meaningful solutions.

Other than the real short-run concern with inflation - this is not our principal worry. And my understanding of the urban situation is such that simplistic solutions will not do. They have been tried in the past, and their net effect has been worse than nil - it has created a crisis of public confidence in our ability as elected representatives to do anything about these growing problems.

Perhaps the major failure we have all been guilty of is an inability to comprehend the complexity and interdependence of the urban system. Our research has confirmed that the effect of the problem area on others is at least as important as that problem itself.

Thus, the harmful effects of transport on housing sprawl, on slums, and on your budgets is at least as great as the inconveniences of inadequate transport to its users. Similarly, the existence of slums affects the location of industries and new housing by making the inner city a hostile and often violent area. The inadequacy of municipal revenues precludes assistance to the poor, adequate transportation responses, and appropriate urban planning. This finding - that we cannot treat urban problems - even in one city - in isolation - is vital. It means that we must be prepared to deal with the urban totality - with the city as a complex system.

The city is not only where the action is - it is where the interaction is.

The implications for policy are enormous, and you will therefore, no doubt appreciate our reluctance to move into this area with half baked ideas and limited perspectives.

Let me sum that up by saying - that while we are terribly concerned about the need to deal wisely (with an understanding of their complexity) - with the problems within each city - and while we caution

against single problem - single solution approaches - and while we say that the legitimate actions of other jurisdictions (provincial and federal) are so significant in both solving and causing your problems - I for one, at least recognize that within any one city - you the municipal authorities should have the dominant role - and the two other governments should be, in the main, supportive.

But single urban units - cities - are not isolated autonomies - they are linked with each other in a provincial and a national urban network.

At the increasing pace of urbanization in Canada - as it is now projected in the inconstrained future (no major policy change) - Canada, relative to other countries, may become one of the most urbanized countries in the world.

Canadian population projection - year 2000 - between 34 and 40 million -

- Toronto 6 1/2 million
- Montreal 6 1/4 million
- Vancouver 2 1/2 million
- Total 15 plus million (between 40-45%) in three cities

and nine other cities - making 12 cities in all - will contain 75 - 80% of Canada's people.

So - in social, cultural, economic - you name it - terms - that will be Canada - Canadian society - by the year 2000.

Is this acceptable or not? Can it be altered? How can it be changed?

To even deal with these questions - really to start dealing with them - is beyond the capabilities of any single level of government - municipal - provincial or federal.

It is a national matter - a national concern - really a national opportunity - and it requires the gathering of the best brains at all levels of government - of all Canadian society - without inhibition in terms of who can consult with whom.

And it requires this now - while we still have time - which frankly, is short and running out.

Of course, the Federal Government has a major role to play. It is doing so now as are provincial governments - but not really in an urban context - not in an adequately co-ordinated manner.

And yes - there has to be consideration of institutional - of structural response to the interdepartmental co-ordination requirement of both Provincial and Federal Governments.

In passing - let me say that one of the major complications in institutional policy response is that all levels of government are organized vertically. Each department or ministry concerns itself with particular functions - transportation, housing, public works, etc. But our modern urbanized society does not organize itself into these neat categories. The fundamental aspect of all modern activities is that they are interdependent - individuals depend on each other to an ever-increasing degree. Their growing level of interaction transmits impulses throughout the community, and indeed the nation.

As a result, while the particular form of government we have may not be well-suited to deal with problems of community - the most obvious ones being urban, and this is true of nearly all industrialized societies - the seemingly simple answer of "form a Department of Urban Affairs" is not really that simple.

First, would it be a super-ministry in terms of veto authority over others? Obviously this could become a monster and would defeat its own purpose. Would it be a co-ordinating and research ministry?

And how would it do this?

Would it better be done by full Cabinet - or a Cabinet - and/or with an interdepartmental committee?

Well, I am going to leave that one hanging in the air because - among other reasons - I believe there may be a higher, more important immediate requirement. That of a forum for Federal-Provincial-Municipal consultation on urban matters - all together - with the municipalities and the Federal Government having a legitimate, recognized place at the table with the provinces - and to lay on that table all federal policies and actions that affect the cities - for discussion - for co-ordination with provincial-municipal needs.

To start agreeing on objectives - on priorities - on policies - on responsibilities - on allocation of resources in the urban context.

I am recommending this to my colleagues in the Federal Cabinet.

I will seek the views of the provinces as to whether they will be agreeable to the establishment of a formal framework - structure - perhaps an urban council in which the political representatives, supported by officials of all three levels of government, can meet and discuss urban policies regularly.

For some reason - I am assuming that you - the municipal leaders and the C.F.M.M. may support this. And I was extremely encouraged and gratified to have had the opportunity today to discuss the idea of such an urban council with Mr. Tessier and receive his enthusiastic agreement and endorsement of this principle on behalf of the Government of the Province of Quebec.

I will assure the provinces - as I assure you - that this is not a federal takeover bid - it is not a federal unilateral intervention - it is a desire to get the key people together for the purpose of making a rational choice for a Canadian urban future.

And now in conclusion - let me say there are those who name and blame federalism as the villain preventing action and solutions to our problems - particularly our urban problems. And there are those who advocate centralism - big Federal Government - as the answer to "efficiency".

I reject both views!

Centralism - the supposed "efficiency" of an all powerful central government is a myth. And if it did work - in terms of the usual view of efficiency - it would be a sterile Orwellian soul-destroying process for our country with its vastness and diversity.

The operation might be a success but the patient would die.

I believe in decentralization of authority - after policy agreement between jurisdictions - to the lowest common denominator - the closest possible approach to the "one-to-one" relationship with the people, we in government, in authority, are supposed to be serving.

I believe in federalism for Canada - particularly because it offers the best hope for that kind of relationship.

Most particularly in the context of urban problems and the development of solutions - if federalism is not working as well as it should - it is not (I submit) because federalism is wrong, perhaps it is because we have not explored all its options.

We must, for instance, realize that one of the most important de facto levels of government - municipal - is not yet a recognized participant in the process of establishing objectives - setting of priorities - formulation of policy and programmes - and allocation of resources.

The need for greater co-operation has never been more evident.

We talk about it - let's start practicing - let's try it for size - now.

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Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing

Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

HOUSE OF COMMONS,
JUNE 12, 1970

Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

Mr. Speaker, I understand very well the concern expressed by honourable members about the relatively low level of housing starts in May. If indeed anyone were justified in projecting to the end of the year the May rate of housing starts, or anything close to it, the implication would be that we would get less than 140,000 housing starts in the full year which would include only about 15,000 housing starts of low-income housing. Such a low level of achievement for the year would certainly justify the most profound concern with the government's policies and actions in this area.

But, Mr. Speaker, and I want to say this with the most deliberate emphasis, there is no justification whatever for such a dire forecast.

The fact is that several factors combined to yield the low level of housing starts in May but they will not persist. I referred to these in the House yesterday but they bear repetition.

First, there was a very marked decline in low-income housing starts. In April, starts of these dwellings had totalled 2,488 units but in May they totalled only 896 units. This kind of fluctuation has to be expected from time to time reflecting the combination of decisions about the start of construction of low-income housing projects by Provincial housing agencies, and by non-profit or low-income housing corporations. The decline in

this activity in May did not reflect any cut-back in commitments for this kind of activity on the part of the Federal Government. In fact at the beginning of May there were over 13,000 of these dwellings for which financial commitments had been made by CMHC but for which construction had not yet started. This was almost three times the number a year ago.

Believe me, those financial commitments are not going to go to waste. If there ever appeared any danger of that we could quickly find many other willing takers. This activity will recover alright, but I expect the starts of such dwellings to fluctuate from month to month and so should everyone else.

The second of the special circumstances was the impact of construction stoppages in Quebec and British Columbia. The Quebec stoppage is already over I believe. I do not pretend to know the future course of the B.C. situation but the work stoppage will not last forever and when it ends there will be a catching-up on the construction that has been delayed and for which the land has been acquired and the financing and all other preparatory work completed.

The decline in starts of low-income housing and the impact of the construction strikes are estimated to have accounted for about three-quarters of the decline in the rate of housing starts from April to May.

The rest of that decline was the lagged result of the decline in mortgage lending which was underway in the second half of 1969 and which continued into the first quarter of 1970.

But that decline in mortgage lending activity has already reversed itself and had in fact done so before the May housing starts data became available.

Institutional mortgage lending under NHA reached a low point of a seasonally-adjusted annual rate of 21,400 units in March. That rate doubled in April, to 42,800 units, and was at a rate of over 50,000 units a year in May. For conventional mortgage-lending activity the data are a little less current but the data show a reversal in trend in March with the upturn continuing in April, bringing mortgage loan commitments from an annual rate of 33,700 units in February to 46,800 in April. I would expect that there have been further increases since then.

I would expect these trends in mortgage lending activity to be having discernable effects on trends in housing starts not later than July.

What of the rest of the year? First, as to starts of low-income housing units, I expect these to be about double last year's level. In 1969 commitments were issued to Provincial housing agencies and to non-profit and low-rental housing corporations, for

27,000 housing units for low-income people, apart from a significant amount of hostel accommodation. Construction actually got underway on 16,000 units leaving a carryover into this year of about 11,000 units. This year as I have been, and continue to be, proud to point out, the Capital Budget of CMHC provides for about 35,000 units of this kind of accommodation, again quite apart from the hostel accommodation that is provided for elderly people and for students. Assuming the same kind of carryover into next year as we had into this, we should get starts of at least 30,000 low-income housing units in 1970.

As to the private housing market, I have indicated that there has already been a decided upturn in institutional mortgage lending which will soon be having an effect on housing starts. In the light of the discussions that I asked my officials of CMHC to conduct with the mortgage lenders as to their investment intentions or expectations and recognising that, in a period such as we are now going through, there is some hesitation in the market, I believe that even a cautious view can anticipate some further improvements in mortgage lending activity for new house-building.

I expect in fact that the improvement will take us to a rate of housing starts in the fourth quarter of this year that will be close to 200,000 units.

It is on the basis of these expectations that a week or so ago I gave a Committee of the House an estimate of 180,000 housing starts for the full year. I also said that I hoped that events would show me to have been unduly cautious in that estimate. That estimate was made prior to hearing about the low level of housing starts in May. For the reasons I have already given, the forecast is unaffected by the particular circumstances of May.

While I feel quite confident about these expectations I have had enough experience to take all forecasts, including my own, with a grain of salt, or two. Quite apart, therefore, from the discussions which I have had from time to time with my Cabinet colleagues in these matters, I, in concert with the Minister of Finance, caused a committee of senior officials from the Department of Finance, the Bank of Canada, and from CMHC to be formed several weeks ago and this is keeping a keen eye on the progress of house-building and mortgage lending activity. If things appear likely not to turn out the way I have been suggesting, the warning lights will flash and consideration would have to be given to remedial action.

So much for 1970. But I also want to look and speak to a broader perspective.

The major component in the Government's housing target for the year 1970 is to see that commitments are made for low-income housing for close to 35,000 dwelling units together with a significant number of hostel units. That target is deliberately directed to where we believe the real need to be. I have pointed out elsewhere that this target together with the commitments for low-income housing achieved in 1969, add up to more than 75 per cent of all such activity up to the beginning of 1969.

The other part of the Government's housing concern for 1970 is to see that the private market for new housing operates as effectively as possible and contributes as much as it can to the production of new housing. The most effective way of achieving this is to overcome inflationary trends in the economy.

I am confident that the combination of public action directed to the housing needs of low-income people, together with an effectively operating private market, will yield the one million new housing units that the Government is committed to over this five-year period.

That does not mean, and never has meant, that there is a commitment to build a constant average of 200,000 housing units in each of those five years. The trend will be up, in line with the growth in households, starting from a rate below 200,000 units per year and reaching above that by the end of the five-year period. And variations from that trend can be expected.

Despite statements by some honourable members there has never been a commitment to a target of 250,000 units a year. No responsible body, least of all the Economic Council, has ever suggested that 250,000 starts per year represents a feasible or in some sense "required" housing target for 1970, and it is no contribution to the improvement of public policy relating to housing to suggest otherwise.

Nor, I suggest, is the discussion of housing policy every few weeks, as distinct from the monitoring of housing starts, likely to yield useful results anymore than it would be for health, for education or other major national concerns. The Government's housing policy and actions are set within a longer time-frame than the month to month statistical variations and should be so treated.

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Remarks by the Honourable Robert Andras

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Discours de l'honorable Robert Andras

ministre fédéral
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Député de Port Arthur

BI-MONTHLY GENERAL MEETING
ONTARIO LUMBERMEN'S ASSOCIATION
THUNDER BAY, ONTARIO,
AUGUST 22, 1970



Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

I haven't come here tonight to lecture you on the accomplishments of the Federal Government or the vagaries of the lumber market or of the housing market to which it is so closely related. For this meeting we are having here tonight is really a valuable opportunity for me - a chance to meet people who represent both of my primary areas of interest as a Cabinet Minister; namely those of Northern Ontario and of Housing. So what I'd like to do tonight is just briefly to try to put some of our mutual concerns in a general sort of context, and then to throw open the floor for your questions and comments. Hopefully this will be an informative experience for all of us. I'm sure it will be for Bob Andras.

Perhaps it would be interesting - even constructive to start from a position of what we might call "an open admission of bias and self-interest."

Your bias - your self-interest - and mine may stem from different motives but we probably end up with at least one very similar objective - the production of housing.

In your case - your primary concern about housing probably is that of a need for a market for your products - a market to absorb the product quantity, mix and price combination that will recover your operating costs and provide a reward for your effort, risk and ingenuity as businessmen, as entrepreneurs. This of course, is totally legitimate.

In my case - housing, to the degree of the federal government's involvement, represents first, a social requirement - second, a need for all Canadians to have a decent shelter in a decent environment at costs or prices which they can afford in relation to their incomes.

You will note that there is at least a slight difference in the description of your primary concern and mine.

This does not mean that the objectives are incompatible - but neither are they automatically complementary one to the other.

Theoretically, the objectives of the private sector (component producers like yourselves, land developers, builders, lending institutions, etc) might come close to being satisfied for some time and at greater profit, if the private sector set out to design, produce, and merchandise its products and lend its money on a selective basis giving first priority to the more luxurious product, the higher income buyer, the volume package (for example one big mortgage on a large apartment complex rather than several small mortgages on single family dwellings). Sooner or later this concentration on the more affluent perhaps easier market would limit the private entrepreneur and he would miss real opportunities in the modest and lower-income volume. There is some evidence that this may have been happening in Canada over the last few years. At any rate,

it is, to some major degree at least, my job to try and influence the provision of housing in Canada so as to satisfy the distributive needs, social - economic needs of Canadians as well as meet quantitative targets.

Canadians, generally and by comparison with the citizens of any other country in the world, are well housed. This is a provable fact - using almost any set of criteria you might choose in judging. Having said that, however - we do have severe shortages of decent accommodation for people of totally inadequate or marginal income, and because of rising costs particularly in our urban centres, people of middle income (say \$6 - 10,000 depending on where they live) are having to pay increasingly disproportionate percentages of their incomes for decent shelter. This is where the crisis lies. It is a social crisis and a serious one.

It is a problem first of how to provide all Canadians having decent incomes in relation to needs and cost of living - which raises all the range of interrelated problems of job opportunity, education, health, distribution of wealth and incomes, inflation, social welfare, social security, and a whole host of societal matters. It is also as I have already suggested a problem of supply of the right kind of houses, at the right prices, in the right places, in the proper mix according to buying capacity and social need.

If one agrees with what I have said thus far and also accepts that decent shelter surely must rank as a basic human requirement along with food, clothing, and protection against violence, then we can begin to comprehend the order of priority required for housing. And if one examines:

- the projected growth in population
- the movement of Canadians from rural and smaller communities to the larger cities

- the marked increase in family formation over the next ten years (the coming of age of the post-war babies)
- the changing living patterns (where grown sons and daughters no longer have aged parents living with them)
- our resulting forecasts indicate that, in the next thirty years, Canadians will be requiring more new housing stock than has been provided in previous Canadian existence.

This is a challenge in which governments, of course, will have a most important role. But governments alone cannot do the job. It is going to take the combined efforts of all involved sectors of our society and economy.

It is going to tax the ingenuity of component producers - like you - to provide products designed and priced to meet the market.

It is going to tax the creativity of architects, engineers, planners and builders.

It is going to tax the wisdom of lawmakers at all levels of government.

And it will probalby require some hard choices as to the allocation of resources - particularly financial capital. Housing is going to require billions of dollars of capital and in turn will create the need for billions more in related infrastructure - roads, schools, parks sewage treatment, better environment - all the basic items people need when they gather together in a community. And housing will have to compete for capital with many other demands

- business and industrial financing - more and more expensive consumer products
- higher education, medical facilities and services, to name but a few.

As rich as Canada is - now and potentially - we may face the fact that we cannot do everything, have everything, to solve all our problems at once. We will have to make choices - agree on priorities and then live with those decisions.

Governments can suggest those priorities - those choices. Governments can even impose them, temporarily, but in a democratic society a free society in fact in any kind of society, it is the people who finally decide. They decide as employers, as employees as producers, as consumers as citizens, and as voters.

There is no doubt about the need for millions of new homes in Canada during the coming decades. From your point of view - a quickly growing market is as inevitable "as death and taxes". Provided Canadians accept that housing must have priority over many other demands - which means we sacrifice some other objectives - it is that, over any reasonable time span, resources will be allocated to housing in sufficient quantity to steadily meet our requirements for new household formations, migrations of people from smaller to larger communities, population growth and allow for undoubling of families replacement of

substandard homes and even a slightly increased vacancy rate.

To meet all those requirements in the next five years would probably call for 275,000 - 300,000 new starts per year. This level of allocation would seriously affect the attainment of several other goals which also require capital. This kind of program would probably eat into the provision of funds for regional expansion (the removal of regional disparities), certainly reduce spending on consumer goods (which would eliminate jobs involved in their production, and generally necessitate the abandonment of achievement of other worthy objectives).

As a federal government trying to balance performance in many areas, and still recognizing housing as a high priority, we chose to commit to one million new dwelling units in five years (1970 through 1974) with special emphasis on provision of homes for those with lower incomes. This commitment we will meet. Any downage in starts this year, 1970, will be made up over the next four,

barring acts of God, riot, insurrection, war, and those usual qualifications. Our special emphasis on low-income starts is already a matter of record in the allocation of CMHC's 1969 and 1970 capital budgets, and this special attention will continue.

Quantitatively, we can tell you that we are pulling out of the slump that affected us in the first six months of this year. In July, the rate of starts was 172,700 up from the dismal 131,800 in June and 120,300 in May. Because of our concern over the disappointing figures of the first six months resulting in the main, from a shortfall of mortgage investments by the private sector (the approved lenders), I sought and obtained federal cabinet approval for the financing, through CMHC, of an additional 15,000 starts before the end of this year. This means that the federal government, through CMHC, will have committed over one billion dollars in 1970 to housing and related infrastructure programs. Of this amount 970 million will directly finance housing starts immediately, all for the lower income groups.

We are now confident that the housing start rate will pick up to 200,000 by the end of the year. We project that the final total of housing starts in Canada in 1970 will be of the order of 185,000 and the seasonally adjusted rate will pick up to 200,000 by the end of the year. Although still below last year's overall performance this level of activity will no doubt provide a pleasant change for the lumber industry after the dismal first half of the year.

Qualitatively, we are concerned with creating the best possible environment for our people and especially for those in the lower-income brackets who cannot compete in the market.

Several of the questions that this broader concern leads us to ask, are of particular concern to you as members of the lumber industry. For example what is the optimal mix between towering high-rise steel and concrete structures, and low-rise buildings with their relatively greater use of wood.

Because of the forecast need for more family accommodation in the next decade, as related to the heavy and acceptable construction on high rise of the past ten years, I would predict an increasing proportion of low-rise construction which should be good for you.

So, the market is there for you and will continue to be in the foreseeable future, despite the setbacks of earlier this year. It is for you, of course, to assess its potential in terms of your own industry. It would seem fair to say that no man-made material can challenge the beauty and utility of wood as a construction element. But your industry must ensure that the product remains competitive with the variety of test-tube materials that are already on the market and that will undoubtedly continue to arrive.

I would like to think, in fact I urge, that the lumber industry will join with the many others now involved in finding better ways to provide low-income housing, and come forward with its own proposals and innovations.

Marketing Lumber Abroad

Meanwhile, as you are well aware, the federal government is constantly striving to generate new markets for Canadian lumber through pilot projects in European countries. These are intended to encourage foreign builders to utilize Canadian wood frame construction techniques.

You are probably familiar with the successful story of "The Maples", one section of the new town of Harlow, Essex 26 miles northeast of London, where houses built by the Canadian timber frame method -- and promising all the comforts that Canadians take for granted in their daily living, including warm air heating -- are offered to the British buyer.

And, early last June, my Colleague, the Hon. Jean-Luc Pépin, Minister of Industry, Trade and Commerce, officially opened a new housing project at Igny, just outside Paris, in which our timber frame techniques are again being employed.

These are, of course, merely two examples of our efforts at the federal level to stimulate

abroad interest in, and the use of, Canadian timber. That we regard our activities as far from complete is, I believe, abundantly apparent from the fact that Canada has agreed to host an international conference in Vancouver from July 6 to 16, 1971. The "World Consultation on the Use of Wood in Housing" is being sponsored by the United Nations Centre for Housing, Building and Planning, the Food and Agricultural organization of the United Nations and the International Union of Forestry Research Organizations. Invitations to participate in the Consultation are being sent to some 120 countries, of which at least 40 are expected to attend, with possibly 150 delegates in attendance. I myself am looking forward very much to participating in this significant international conference - the outcome of which can be only be of benefit to the Canadian lumber industry.

I have outlined to you some of the concerns which most affect us in allocating funds. It is up to you to find the ways in which lumber and wood products can best be used to meet our priorities of low-income housing and the creation of a suitable

overall environment. Show us the ways in which wood can be used to construct dwellings that are both within a certain low to moderate income range and at the same time enhance the quality of Canada's habitat. If you do this, your industry will not only retain its present markets, but will recover business it may have been losing and even enter into areas not yet explored.

But enough of my monologue. Let's hear from you.

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Remarks by the Honourable Robert Andras

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Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

Député de Port Arthur

Union of British Columbia Municipalities,
Penticton, B.C.,
September 17, 1970.

Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

I want to talk with you today (and you may consider that something of a change). I want to explore how we can talk effectively with each other --- and I mean by that talk that produces jointly-conceived policies and actions in attacking our urban problems. The current way is to have various levels of government talk at each other, more often to mutual irritation than avail. The result is separate and piecemeal patching of the worst spots without anything like coherent approaches that will tackle the roots of urban distress rather than the symptoms. We have all---but perhaps especially the municipalities---had enough of that.

Consider 1967: or rather, you people force us in the federal government to consider it....since you bring it back to us often enough. Nineteen sixty seven was the proud, stimulating year of the Centennial and Expo, when we felt we could do anything: it was also the year of the great federal-provincial conference on housing (a rather lesser event). That conference, I regret to say, was not too productive. It was a time when house building was badly down, the provinces were blaming Ottawa and the inelastic budgets of municipalities were being stretched unmercifully (does anyone recognise any parallels?). So what we did was.....have a conference.

A federal-provincial conference, without any recognisable input from the municipalities. The federal government offered a remarkable and, in fact, rather interesting, set of proposals: these included establishment of a coherent planning mechanism at the federal level, federal aid to regional planning, investigations of transportation corridors and..... The provinces really wanted cash. And they questioned what they were presented: wide-reaching federal proposals that were, frankly, just laid on the conference table before them without warning or consultation. We said, in effect, "there....here's what we are doing for you." Things don't work that way anymore, and the provinces were not ready to accept that approach. Especially in the complex and interconnected problems of urban life, in which the provinces much more than Ottawa have the primary jurisdiction.

And so now, when we are planning new initiatives, we do not want 1967 revisited.

That is why I was delighted to see that provincial ministers responsible for urban affairs, at their Winnipeg meeting recently, took one absolutely vital step. After asking what had become of Ottawa's many suggestions of 1967,

they agreed that the first requirement was to establish clear-cut objectives and priorities.....and then to talk of allocation of resources. That bespeaks planning, talking together----at the three levels of government. And jointly setting priorities, coordinating efforts----all the means of working together to direct and regulate an urban growth which is beginning to run out of control----that is what we so urgently need.

NATIONAL URBAN POLICY

It is, in fact, a NATIONAL URBAN POLICY----something we have never had in Canada but which I want us to achieve.

Certainly the need for a NATIONAL URBAN POLICY has never been more pressing. We are at what the cliché writers call a turning point: one of exciting opportunity if we take the right approaches.....or of a slide into the kinds of deterioration and accompanying social upheavals that we see in some cities in the United States.

Now I know there has been criticism of me for talking about such motherhood things as coordination while not yet making concrete proposals....not, in fact, consulting. Well, I don't apologise. I've been studying. I've had people helping me study, rather intensively, I've been exploring the many dimensions of what we call "the urban

problem"----so that I will have something real and thoughtful to consult with the provinces and with you about. I've wanted to be able to think out our own ideas on how structures might be set up to achieve policy coordination, to develop the federal government's own views on urban renewal, to come up with some real ideas on cost-sharing. I do not want a repeat of 1967---which was itself only a repeat of many such instances in the past.

I know you are calling at this convention for a system of communications and consultations between the municipal, provincial and federal levels of government, on urban affairs. Some form of that is what I want. And I am ready now---almost ready---to initiate discussions with the provinces as to how we can achieve it. There is some tidying up still to do, but within the next three months I will be talking with the provinces about ways in which we can reach a consensus on social objectives, on priorities and on allocation of resources. Not---let me stress---with the objective of any level giving up any of its present powers. Ways, rather, in which we can agree to cooperate, to coordinate, to plan and to regulate.

Let me explain again why those words---cooperate, coordinate, consensus, social objectives---are vitally more than motherhood words. They articulate the only way we can approach the burgeoning problems of the cities today.

Note that I said problems of the cities.....they are quite distinct from problems in the cities, and it is the genuinely urban problem that we must learn to deal with.

URBAN PROBLEMS

The major problems of the cities arise largely from a common source---scarce urban space. As cities grow, the demand for scarce space forces prices for core land upwards and drives more and more people outward to suburban areas. And from these two factors arise the familiar urban problems of housing, transportation, pollution, poverty and your own serious fiscal squeeze. These, then, are problems of the city. They do not, in other words, just happen to occur in the city---they are born of the process of urbanization, a process which Canada is deeply into now. And the central feature of these problems is that they are all interdependent, each contributing to the severity of the others.

We have so far been largely unsuccessful in solving the problems of our cities because we have not understood this interdependence and we have not used coordinated policies that were capable of coping with this interdependence.

A policy that deals only with transportation problems, for example, may well succeed in moving more people faster. But it has an obvious impact on downtown congestion, pollution, suburban land demands and many other areas that are serious problems in their own right.

Thus, the solution to the urban problem lies in our ability to intervene intelligently in the process of urbanization itself. We must co-ordinate those policies and programs that traditionally have sought to achieve a single objective such as better transportation, more housing, downtown redevelopment and so on. Action in any one of these areas has profound impact on others and we must begin to see and account for the total impact of any one policy action.

That, of course, is easy to say and has been said many times. But we have made precious little progress toward achieving it...and that is because we have made very little progress in the techniques of developing public policy. This is especially true of urban policy: we don't really have any...no clearly stated set of truly urban objectives that can begin to cope with the problems that our mastery of technology piles so inexorably upon one another.

URBAN TRENDS

We are, in fact, in another of those situations familiar to Canada...on the edge of fairly deep trouble, not quite in crisis...with the evidence of what has already gone wrong in other countries to show us dramatically what we must try to avoid. But we have - if given national planning and all levels of government working together for once - an opportunity for greatness almost unique among affluent countries: because we are younger and our population smaller than most, our cities have not yet gotten out of hand. Not quite. And so, we can not only avoid the TV pollution bulletins warning children to stay indoors, the violence of no-longer-silent poor, the barren decay of cities' cores: we have the chance to create in North America a vibrant urban life of some order and grace and style. We can pursue our own and special excellence. Unless we intervene, we are going to have mass urban life, anyway - about 46 per cent of Canadians are going to live in just three metropolitan areas before the next 30 years are out; and well over half of us in only twelve cities: we are going to have these vast urban enclaves dotting the relatively unpopulated mass of Canada. Let's for goodness' sake make them liveable; let them not choke us down economically and spiritually.

Ten years ago, it was forecast that by the year 2000 there will be practically no agriculture left in the lower Fraser valley...or in southern Ontario between Cobourg and London...or in the lower St. Lawrence valley between Cornwall and Three Rivers. Today we are seeing that trend developing with unnerving speed. For instance, the vineyards and orchards of the Niagara Peninsula are rapidly vanishing before disorganized urban growth. You can see the signs even here in the Okanagan. The view of B.C.'s Lower Mainland today is becoming distressing to those who ask the question, as Canadian urbanist Humphrey Carver has asked, "should city people destroy their own garden?"

The great American urbanist, Lewis Mumford, has observed with some optimism that "trend is not destiny." But it will be, if we do not act. We are not masters of our urban destiny at the moment; we are simply along for the increasingly rough ride. Let's be quite clear what those trends are. We have conducted some extensive studies in recent months, and the results are - or should be - jolting.

Most of us know, at least vaguely, that Canada's population will roughly double by the year 2000 -- one of the fastest national rates of growth anywhere in a world concerned about "population explosion." Thirty years is a very short time to provide the capacity for a second Canada -- but do we also realize that the peak of this increase is immediately upon us?

That this decade -- 1970 to 1980 -- is when much the sharpest demands will be made for housing and transport and sewers and subdivisions and schools? A main reason is that the postwar baby boom is now beginning to produce families of its own. Our studies show us that the resulting demand for ever more space, if not directed and controlled, will make today's trends in land prices seem gentle by comparison. Anyone who appreciates the costs involved -- and no one does that better than the municipalities who must struggle with inadequate budgets to find services for growth that is often foisted upon them -- anyone who understands the problems at all can only shudder at that kind of future.

Within just 30 years, then, and remembering that the big push will be in the next ten, if we do not take actions that are available to us we have the following prospects: Montreal, Toronto and Vancouver metropolitan areas will alone, as I said, account for nearly 40 percent of Canadians. These three urban areas alone are going to require four million new housing units in the next 30 years. At the present rate of construction, we will only build that many in the whole country in the next twenty years.

Toronto will be a city of $6\frac{1}{2}$ million people in 2000 A.D.; Montreal, $6\frac{1}{2}$ million; Vancouver $2\frac{1}{2}$ million.

Crude estimates are that Toronto will need between 400 and 650 square miles added to its land area; Montreal - about the same; Vancouver - between 125 and 250 additional square miles. Toronto will somehow have to accommodate a population growth of half a million people every five years.

Metro Ottawa's population will almost double by 2000 A.D. to well over a million, and Quebec City will be almost as big. Similar projections apply to Hamilton, Winnipeg, Edmonton and Calgary.

It isn't only housing for people that takes space. It is their network of streets, roads and rail lines and other means of communications for them. Here, the projections are equally disquieting: automobile mileage is expected to slightly more than double in the thirty years, from 67 billions of miles by seven million cars this year, to 151 billions of miles by nearly 16 million cars in 2000 A.D. And the big increase in car mileage -- 60 percent -- will be in the decade 1970 to 1980. The pressure will be heavily concentrated in the nine cities of Quebec, Montreal, Ottawa, Toronto, Hamilton, Winnipeg, Edmonton, Calgary and Vancouver -- which will contain about half the future population of Canada.

All these cities but Montreal and Quebec City will reach what's called a "saturation level" of 0.45 cars per resident by 1980 -- by 1990 in Montreal and Quebec City. We are going to need \$13 billion for road investment in Canada in the next 10 years and \$30 billion over the next 30 years.

What will be the effect of this surging growth? Well, the cost of urban land will rise, and that will further squeeze the urban poor. Even now they are shoved out to cheaper ground, further away from the work opportunities that can alleviate their poverty; or they are further crowded into substandard housing that makes their poverty even harder to bear. And the cost of providing for the poor will rise in line with those land costs. Do you know that in New York City today the cost of one public housing unit is \$30,000? In this country it is half that, which is high enough.

And which of the poor will be squeezed the hardest? The old. Our studies show dramatically rising housing needs of people over 65. There may be a virtual end to lodging-type accommodation by 2000 A.D., and people will live longer. Their housing needs will be special and their own resources low. And governments will have to provide for them.

Competing demands for urban space are at the heart of the interdependent range of urban problems. For instance, there will be an enormously expanded demand for private transit to overcome increasingly difficult problems of access in such expanded cities. There will be a vast drain on municipal fiscal resources, as I said before, to service these requirements of housing and transport, schools, parks and sewers. And there will be -- and I can see it coming all too clearly -- endless battles over whether this country can any longer afford the kind of land speculation that has put prices where they are now.

GROWTH FOR SOCIAL OBJECTIVES

I am far from having solutions at this moment. But it seems plain enough to me that we are going to have to realise that public investment by the municipalities, provinces and federal government in urban growth must be coordinated with land development according to planned social objectives. We are going to have to lead and control urban growth -- rather than simply follow where urban growth leads, as we do now, and then attend to the problems that arise piecemeal. Private investment, too, will have to be guided as never before (and I don't mean voluntary guidelines -- we've had some experience with them), to achieve well thought out goals of urban design.

We are going to have to control and channel growth rather than just stimulate it -- so that we can occupy our cities rather than have them occupy us. To achieve that, some time-honoured beliefs are going to have to be challenged.

For instance: too often, and too crudely, we have tended to simply follow the goal of economic growth for economic growth's sake. It has become plain in cities across the United States -- and in the minds of a new generation of socially-aware people -- that that is not good enough. Economic growth must have a better reason. We cannot any longer climb economic mountains simply because they are there. The reason must be the well being of people -- and the well being of people is a difficult thing to compute. It is more than the GNP. It is something that, for lack of a better phrase, we often call "quality of life". That quality can become miserable indeed if one is forced to live in congested streets, breathing filth, crushed by noise, forced to travel excessive distances to work -- or to play. It becomes a mean city if one is poor -- and old -- and squeezed out of the central area by escalating land costs. If one is young and angered as many are angered today by a mentality that puts profits over controlling pollution and asphalt over grass. If one cannot get housing that he can afford and that affords him a crucial sense of worth.

It will not be comfortable to break old moulds of thinking and many will continue to believe that the best criteria for any project in the long run is: Does it pay? I will buy that criteria, if the question also asks: Does it pay in terms of the social comfort and stimulation of people? Does it quicken the pulses of the large cities that are becoming the homes of most Canadians? We have too many instances before us of how a narrow accounting of the economic costs in fact only sends them soaring higher: the costs of welfare escalated, by shoving the poor out of central areas, is one obvious case. For another, these rising land costs downtown send industry fleeing further out -- leaving the inner city without a tax base. And so the municipality piles on more taxes, which push the costs up higher. There is a point at which the interaction between size and rapid growth gets totally out of hand.

We don't know where that point is yet, because we in Canada have never really tried to find out. We have had no view of the inter-related urban system as a whole. We have no effective techniques whereby the desires of urban people get transmitted into the policy system. And we certainly have no way at the moment by which the various levels of government integrate their objectives and cooperate on priorities.

To this end, we want to put together Canada's first national urban policy, or at least a pattern of approaches. And the first thing, which I fully understand, is that it must be a NATIONAL urban policy. Not a federal policy. That means a total approach to all these considerations, by all levels of government working together. We don't need to rewrite the Constitution to do that. But we do need to bring the federal Government, the provinces and the municipalities into cooperative planning and policy-making.

These are not just words, cast out in place of the dollars you would much rather have.

MUNICIPAL PROBLEMS

I'm fully aware that the municipalities have the immediate headaches -- and too little money to remedy them. I know that your revenues consistently run short of your expenditures, and would run shorter if you did not often defer needed projects. I know you depend on an anachronistic tax base (real estate tax), and on going, hat-in-hand, for conditional grants from the provinces. That cannot last. Municipal government is going to have to deal with most of the direct problems within each single urban unit. It must have access to the financial resources to do so.

That does not, I'm afraid, necessarily mean higher transfers from Ottawa soon.

The reason for that is not tightfistedness or procrastination, but a serious desire to get the processes right before starting out on new levels of expenditure. A major reason for your costs lies in the current unplanned growth and expanding sprawl -- rapid and inefficient urban development and thus extreme financial pressures on the municipalities. Very often these developments are not yours -- you reap the reaction from federal and provincial immigration, from provincial and federal road construction, from the siting of federal airports or development of harbours.

We do not want, in a word, to commit further resources on more of the same: that will not solve current problems and, moreover, it can aggravate future problems and cost ever more money.

TRI-LEVEL ARRANGEMENTS

So that we no longer treat each problem of our cities in isolation, we must have tri-level arrangements. We must have these arrangements because:

- 1) We need a forum to rationalise diverse interests (such as, for instance, Ottawa building a harbour or an airport without really understanding what that will do to local growth patterns);

2) We must create, by forward planning, the best possible utilization of the great but not limitless resources that will be required;

3) We must pool our scarce planning and intellectual resources to the most rational ends. We are very short in Canada, as all countries are, of knowledge and of personnel in this area. The few experts we have at all levels must, as far as is possible, cooperate rather than compete.

For these reasons, I will be, as I said, discussing with the provinces the formation of some sort of tri-level structure for sorting out objectives, priorities and responsibilities and helping to allocate resources to urban life.

We will have to see what you and the provinces agree to.... But when we eventually arrive at a structure, the federal government will hope progressively to lay before it all federal policies and plans for coordination -- and modification when need be -- with provincial and municipal needs.

I hope in our discussions we arrive at more than a talk shop for elected representatives. We might have that, to be sure, but perhaps also a permanent technical staff to develop consistent long-term objectives.

And out of all this, I hope, will eventually come a planning and a rationale that will contain its own logic as to who will pay and how it will be paid.

At the federal level, we shall be setting up machinery to bring some cohesion to the welter of federal projects and programs that so affect urban Canada. And we expect to establish considerable research facilities that will lead us to a much deeper understanding than we have now of the interaction of aspects of urban life -- into what happens down the line if you plug a leak here or build an expressway there. You needn't expect any urban czar at the federal level, any super-ministry. No shouldering into your territories. But you can expect much more rationalised, integrated, federal activities as time goes on.

To return to Lewis Mumford and his observation, "trend is NOT destiny". In other words, the rather unnerving prospects we face needn't be so. We have the resources in Canada. We can get the skills. It's a matter of putting the two together in a coordinated way based upon agreed social objectives.

That means a practising cooperation that we have not yet had. But without it, trend WILL be destiny.

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Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing

Member of Parliament
for Port Arthur

Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

Député de Port Arthur

At a Congress
of the House Builders of
the Province of Quebec
Centre Paul Sauvé
Montreal, Quebec
October 8, 1970



Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

Please let me apologise, first of all, for not being able to speak in person today to Quebec house builders. I had arranged to be here.....I wanted to be here.....because you and I have vital roles to share in building environments of warmth and grace and space for Quebecers and Canadians. I am not with you because today is the day of the Speech from the Throne in Ottawa, outlining the federal government's new plans.....and it will be apparent that it is quite a day for me. Quite a day, too, I hope, for the prospects of Canadians who live in cities. That is most of us now, and more of us in the future. And the federal government today recognises in a concrete way that it is deeply involved, in myriad but often uncoordinated ways, in the problems of Canadian cities already; it recognises that it must transform that involvement in much more integrated ways. These will be ways, I want to emphasise to you, in which the watchword will be scrupulous and careful cooperation with the provincial governments and, through them, with municipal governments. A coordination of federal roles affecting the cities-----Yes. Federal intrusion into areas not its own-----No. Federal cooperation, consultation-----maybe even some degree of joint planning if the provinces wish-----Yes. Federal movement into new jurisdictions, wielding new powers-----No.....Not anywhere in Canada.

What the federal government does intend is to do better, in carefully planned and interdependent ways, things we are already

doing in urban areas.....from housing to roads to airports to harbours: 27 federal agencies or departments are involved in various ways in cities. We will tidy up our own house, so to speak, so that as soon as possible federal agencies and departments work in concert. And we will do our utmost to cooperate, consult and mesh with the other levels of government, which have the primary roles to play. I hope that the provinces will agree to set up institutions to that end-----perhaps some sort of tri-level National Urban Council which will help set national goals for the kind of urban life we want in this country. I hope such a council-----or perhaps a series of regional councils, if that is preferred-----will also develop priorities within these goals, and long-term planning. I shall very soon be seeking the views of my counterparts in the provinces-----to find ways of reducing duplication, conflict and uncontrolled urban expansion in favour of best using all the nation's resources to create an environment of our own choice in northern North America.

Congestion.....pollution.....decayed city cores.....the neglect of weaker people.....the social despair that becomes social unrest.....all of these need not happen here just because they are happening elsewhere. They are what happens when growth is let run rampant, and they feed upon this very growth. We still have time, although it is running short, to give growth a shape and humanity of our own choosing. We still can create our own special excellence.

When I say that "we" can do so much I do not mean only governments. I mean neighborhood groups, businessmen, private planners, realtors, moneylenders, the builders of homes for people.... In the housing field, for instance, I would like to challenge YOU..... a challenge to further innovations, newer ideas, for building more homes, of good quality, at lower costs, than you are doing now. I'm talking about further improvements in design, in construction methods, in assembling land more cheaply, in ways of amassing capital funds at lower rates of interest. It simply isn't good enough to say that all those answers lie with government. Answers lie with you, too-----and they lie in you making imaginative and progressive proposals to governments.

I know that you can find answers, you see-----because I know the experience of this year. It has been a difficult year for housing: in comparison with last year's record 210,000 housing starts, this year we will have about 180,000. It would have been considerably worse had we not increased the Central Mortgage and Housing Corporation budget for capital commitments to a record \$1.1 billion. In so difficult a year, I switched the CMHC's emphasis on lending almost completely to low income housing: that is the priority need. In addition, I earmarked \$200 million dollars of that budget for a new departure--for innovative, experimental ways of providing good quality housing for people earning between about \$4,000 and \$6,000 a year.

The response has been great. We have approved all the \$200 million now-----and a little over-----for 97 projects consisting of 17,068 dwelling units. More than a third of the \$200 million was designated for Quebec.....and it has all been taken up for projects that will provide almost 5,000 units in Montreal, 1,300 units in Quebec City and 760 homes in Hull. Now these are all city areas..... one of them Canada's largest.....and yet three-quarters of these dwellings are intended for home-ownership at an average price of \$12,075. It shows what can be done.

These results come from novel techniques of construction, land use or financing. They were also due to wider cooperation. Quebec municipalities demonstrated their willingness to participate through the sale of land and through the easing of zoning restrictions. The Provincial Government played a very important role through the incentive of its interest rebate program. And the Federal Government, apart from direct loan assistance, instituted more flexible financial arrangements to allow a sliding interest rate scale down to 7 7/8% depending on a family's ability to pay.

There has been a similar experience across the country.

I intend to maintain next year, specific federal incentives to the search for new ways to bring decent homes to people who now live substandard lives.

I intend to maintain the emphasis of CMHC policy on homes for the low income. This emphasis will produce roughly 45,000 starts in that area in all Canada this year, and 12,000 homes in Quebec alone. During this year and last, we will have committed ourselves to build 75,000 low income housing units. This is almost double all the low income housing built in the previous 18 years. Quebec has received \$300 million-----or one-third of the total money loaned for housing in the CMHC capital budget of 1970.

I know housebuilders have been concerned that there might be few profits for them in low income housing. But, please, un peu de courage. It's not that bad, as builders are finding. You can and should become sensitive to this type of building..... and you will profit. I think of the builder in Montreal early this summer who was anxious to secure a buy-back guarantee from the CMHC because he felt the 350 units of low income housing he was building with our help would not sell. Well, he sold 250 units on Labour Day weekend alone!

That builder sold his units almost overnight because in Montreal the owner-tenant ratio is 75-25. It is not as high elsewhere in Canada, but nevertheless there is everywhere a hunger for a home of one's own that we will be a long time filling. Surely that great market-----of those who cannot afford homes at the high prices now set upon most of them-----poses opportunities for builders, lenders and governments of imagination.

(For one thing builders might press lenders harder for speculative loans for houses that cost \$18,000 or less, as well as for those that cost \$30,000 and more. You will certainly have my support. Why should it be so hard to have a uniform building code accepted that would reduce the current costly profiferation of conflicting rules? And, much further down the road, perhaps, can there not be worked out ~~some~~ better method of financing for hard-pressed municipalities, so that they don't have to get all they can out of the most lucrative possible land assessment?)

We have made a beginning this last year and a half----- in switching federal emphasis to low income housing and in innovative housing. I'm aware of many problems. For instance, the 350 Montreal units I talked about were all set down in one place, as was low income housing elsewhere in Canada. That is an isolation of poorer people from others, which we will have to learn to stop. We can ask ourselves whether we should be building such housing out in the suburbs and not down in city cores, where the vibrancy and the action is. We can wonder if it is right to build housing for low income people in much tighter density----- without compensating techniques of design-----than we do for others. Are we cutting costs on houses in the innovative program, in some instances, by cutting corners? We will have to learn, but I have seen enough this year to be hopeful.

We must also seek to speed up the pace of housebuilding for middle-income Canadians-----and I look especially to you and to private lending institutions to do that. I have already, twice now, asked the lenders to try to expend their roles-----most recently last week.

We must fulfill our aim of one million new homes for Canadians in the five years 1970-74 (the pace will get even hotter in the five years after that).

We must increasingly try to build these homes, and refurbish older ones, within the context of carefully and cooperatively conceived directions-----directions towards some equity, order and grace in urban living. We can provide decent housing for Canadians in an environment that provides clean space, and provides that personal and family privacy without which few of us can cope with life. If we in Canada cannot do that, I wonder who can?

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Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing

Member of Parliament
for Port Arthur

Remarks during
Debate on the
Speech from the
Throne
October 22, 1970

Central Mortgage
and Housing Corporation

National Housing Act

Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

Député de Port Arthur

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

Mr. Speaker, one of the important things we are talking about in this debate is choice. The ability, and the responsibility to support and to continuously re-create in this country, in myriad ways and at every level, choices as to the kind of Canada that Canadians want it to be. Canada began under that imperative. Canada is evolving under that imperative. A new ethic in Canada insists upon two chief things:

First, that the traditional decision-makers of power must move over a little, so that choice devolves upon the greatest numbers of people; people who are well enough informed that they can choose on considered merits; and,

Second, that the bases of choice have changed for many of us along with the growing material wealth, complexity and concentration of our society; recognition, for instance, that economic growth for growth's sake, to put it crudely, must increasingly be tempered by considerations----by choices----that put growth at the service of the social comfort and stimulation of Canadians.

These are not quite yet truisms with everyone

but they form the goals of this government, and, I believe, of other governments in Canada. Certainly they are at the very heart of the proposed formation of the Ministry of State for Urban Affairs and Housing. They are both its reason for being, and the guidelines within which I intend to operate. Choices, evolved with a degree of understanding never before reached in Canada, must urgently be made as we move at rather an unnerving pace into a Canada 94 percent urban within the next 30 years. We see a Canada developing which may have 73 percent of its population in only 12 major centres; a Canada whose population will have nearly doubled....and with about 45 percent of that doubled population in only three great loci of national power, Toronto, Montreal and Vancouver. These three will be vast concentrations of people....if we want that....like the New York, Chicago and Tokyo of today. Do we want our cities to look like them, and to act as they have been acting?

The process of rapid urbanization, Mr. Speaker, is pretty well inexorable....and the sharpest pace of that growth is upon us now, in the decade 1970 to 1980. In the next three decades, we are going to have to build the capacity to cope with what will be, in terms of numbers, a second Canada.

Is this urban Canada to continue to "just grow" relatively uncontrolled, misshapen, unclean, and too often inequitable? I prefer to think, instead, of a Canada of Choice----of many co-operative choices----a Canada informed by consultative and co-ordinative efforts to create our own distinctive excellence. It can be a Canada that avoids the social despair----the awful social unrest----that growth run rampant has brought to other areas. That is not airy fairy idealism, Mr. Speaker. It is pragmatic, practicable, and entirely within our competences. We still have the time and the resources to write our own urban history, in our own vision, rather than have it happen to us. We can start to occupy our cities, rather than have them occupy us. We can begin to give our environments a shape and humanity of our choosing----environments of clean space for people, and of deliberately blurred lines of social cleavage; environments that provide to the weakest a crucial sense of worth, that provide the personal and family privacy and yet a sense of belonging, of community, without which few of us can cope with life.

Let me repeat the words I have already used----Consult, Co-ordinate, Co-operate. They are meant neither to be soothing, motherhood words, nor words to

gloss over any supposed lack of real intentions by this government. They are precise indicators of how we will approach the problems of rapid urbanization of Canada---- at our own federal level, with the provincial governments, who bear the primary responsibility, and with municipalities, who exist under the provinces. So that this is understood absolutely unequivocally, let me quote my own words, which were read for me in a speech at Montreal on October 8th---- on the day the Government's proposed formation of this ministry was announced:

"And the federal government today recognises in a concrete way that it is deeply involved, in myriad but often unco-ordinated ways, in the problems of Canadian cities already; it recognises that it must transform that involvement in much more integrated ways. These will be ways, I want to emphasize to you, in which the watchword will be scrupulous and careful co-operation with the provincial governments and, through them, with municipal governments. A co-ordination of federal roles affecting the cities----Yes. Federal intrusion into areas not its own----No.

Federal co-operation, consultation----
maybe even some degree of joint planning if
the provinces wish----Yes. Federal movement
into new jurisdictions, wielding new powers----
No....Not anywhere in Canada."

It is within the present constitutional boundaries that we will work, Mr. Speaker. The constitution does not need to be bent, or broadened to implement an urban policy of choice. If we can get the kind of research, planning and programme co-ordination and co-operation that we hope for----if we can get the three levels of government working together in much greater concert----we can begin to stop duplication and waste, programmes that conflict, programmes that are instituted to solve one problem without real regard for other problems they may cause. We can begin to get decisions on whether we in fact want our cities to develop unconstrained----and if we do not, want that, we can have found alternatives to proffer.

Mr. Speaker, the Ministry of State for Urban Affairs and Housing will first of all be concerned with bringing order in the federal house as it affects the

cities. I need hardly note for honourable members how massively the federal government is in the cities already. We have powerful direct impact through housing, land assembly and sewage programmes, with a great influence on the location, growth and structure of urban areas. We have a similar influence through our use of a very great deal of urban space federally owned or leased,----and an influence in taxes paid, urban demands created and incomes earned. I'm thinking of where we locate public buildings, airports, railways, harbours, military centres, communications facilities and a score of other things. Mr. Speaker, there are 112 federal programmes involving financing elements of the urban process; 131 research programmes applying to elements of the urban process. Twenty-seven departments and agencies have influence of one degree or another in the cities.

I am afraid, Mr. Speaker, that in large part the federal departments and agencies have not worked well enough and interdependently enough with each other, and with provincial and city governments. We need not feel entirely ashamed, nor alone. No country has done this in a way that consciously seeks out and sets priorities, and that rationalises scarce national resources, as we hope to do. We hope to make the federal involvement in the

cities no longer a series of unconnected initiatives but parts of a better-understood urban whole. Inevitably, there are federal, provincial and municipal considerations to almost everything done in that light so that anything less than effective tri-level co-operation simply cannot work.

We will co-ordinate and integrate the federal urban role in various ways, Mr. Speaker. For example, through the Minister of State in Cabinet and cabinet committees, and in bilateral and interdepartmental arrangements, I will be involved with my colleagues in urban overviews of the various plans of other federal departments and agencies. We will have a secretariat, headed by a person with the rank of deputy minister, that will fully review the federal efforts in urban affairs and through consultation and agreement will carry further through the government systems the work of rationalising, co-ordinating and planning. This secretariat is being put together now, Mr. Speaker, as an important research, policy planning, consultative and co-ordinative instrument. An initial research process has already produced important understandings for us, and a report of this will shortly be made available to honourable members and to others. Now our efforts will

be expanded to draw together the very scarce human resources in this field to study, plan, work out possible priorities and strategies. We will hope to attract the best minds now diffused through governments, industries and universities---- and to return them again to governments, universities and industry in a continuous and cross-fertilising stream.

I sincerely feel that this more rational approach between governments and within the federal government will serve to protect provincial jurisdiction, helping to forestall past experiences when unco-ordinated federal departmental programming inadvertently distorted provincial and municipal priorities. That often happened simply, though irritatingly, because the effect of one federal programme on another or on a provincial initiative was not considered in an urban context.

In addition to an urban secretariat, of course, the ministry shall have reporting to it, and increasingly co-ordinated into a more total urban effort, the Crown agencies of the Central Mortgage and Housing Corporation and the National Capital Commission.

Central Mortgage and Housing Corporation's

capital and expenditure budget is a potent force, and honourable members will know that I have switched its direction to the provision primarily of low income housing.

Early this year, Mr. Speaker, as part of that low income housing programme, I earmarked \$200 million of CMHC's budget toward encouraging specifically innovative, experimental ways of providing good quality housing for people earning between about \$4,000 and \$6,000 a year. The \$200 million----and a little more----has been approved for 97 projects consisting of more than 17,000 dwelling units. They are projects involving novel techniques of construction, land use or financing, and they result from co-operation by CMHC, builders, non-profit groups, municipalities and several provincial governments.

The results have been positive, Mr. Speaker, and give firm promise of developing even more and better cost-cutting----but not quality-cutting----methods to come. I intend to maintain next year specific federal incentives to further this search.

I further intend to maintain the general emphasis of CMHC policy on homes for the low in income.

This emphasis will have produced roughly 50,000 dwelling unit commitments in that area in Canada this year---or 77,000 commitments this year and last. In these two years, Mr. Speaker, our low income housing activity will have doubled all the low income housing ever built before in this country---and I am proud of that. It means that housing production directed to the low in income, where the great need is, has risen dramatically although total housing starts this year will be about 180,000 compared with a record 210,000 units in 1969. However, when we talk of the total national need, and when we think of the great middle ground of Canadians who must be served, let me emphasize again this government's commitment to one million new starts of all kinds of housing in the five years 1970 through 1974. Moreover, I am happy that housebuilding activity began increasing in the latter part of this year.

For the month of September, housebuilding was running at a seasonally-adjusted annual rate of 194,800 starts compared to 188,800 for September, 1969. In 1970, first quarter seasonally-adjusted starts numbered 166,200. This dropped to 136,600 in the second quarter but has risen to 185,800 in the third quarter. The main impact on starts, of the CMHC special \$200 million innovative program, and the additional 240 million of commitments authorized in August, is still to be felt.

All told, Mr. Speaker, CMHC will have committed one billion one hundred million dollars this year in its capital budget, of which about 960 million dollars have gone directly to housing through programmes under section 35, 16, 40 and 36B of the NHA. The remainder has been invested in land assembly, urban renewal, and sewage treatment loans.

Private sector mortgage flow has been a serious problem this year and I have held a series of meetings with the approved lenders----banks, trust companies and insurance companies----setting forth capital requirements to meet our five year target of one million new homes including the pickup of any shortfall this year from the average annual performance required. A second series of meetings with these institutions will be held before the year end, to get their factual and realistic assessments of their participation. From this information more specific steps will be considered to ensure mortgage flow. In addition, I plan to invite the investment portfolio executives of the major pension funds to meet with me shortly to discuss the need for increasing investments in residential mortgages by those extremely sizeable sources of capital.

Mr. Speaker, as you know from the announcement of last week, I have become responsible for the National Capital Commission, which in a way is the sine qua non of what we all hope to do. It is attempting to bring social comfort, and beauty, and an expression of national distinction to the Capital Region of our country---- to make it the exemplar of justly-diffused dignity and opportunity. We need that exemplar today, Mr. Speaker, as we never have before. In an atmosphere of co-operation and unity, let our National Capital contribute to a national sense of direction. And let that direction be prideful, Sir, affirmative and positive as we seek to draw together. Let our Capital be, in fact and in symbol, the reflection of a national agreement that is based upon cultural and material equity. The National Capital Commission and this government, Mr. Speaker, will continue to press vigorously toward this as a necessary, and as a perfectly practicable, ideal.

In more strictly urban terms, nowhere are there more layers of government, degrees of disparity, and problems to be solved and beautiful examples of what can be done than in the Capital region covered by the NCC. Here is where tri-level co-operation in urban policy and programming can work----and can be seen to work -----at its best. This is a leadership opportunity

of an important kind.

Mr. Speaker, in a real sense the Minister of State for Urban Affairs and Housing shall be a sympathetic advocate in cabinet for the provinces, municipalities and urban dwellers on urban problems. Also, he will report back to them Federal concerns and desires. In that process of catalysing, consulting and co-ordinating, I am hoping there can be held soon a beginning meeting or series of meetings with provincial ministers to determine how best we may establish ongoing consultative processes. I am very appreciative, Mr. Speaker, of the public reactions of initial warmth that I have seen from provincial representatives.

I am also happy about the very warm messages of approval and support that I have received from the Canadian Federation of Mayors and Municipalities and from individual mayors. Ways by which municipalities can be helped to deal with the many problems thrust upon them will be foremost in all our thinking.

All this effort, Mr. Speaker, will be to give Canadians choices about their future. Tentatively, we can pose a few indications of what will happen if

we continue as we are----which may be a sound option to take, but we should understand it.

The unconstrained future will see three vast and nation-dominating urban enclaves 30 years hence. They will be Toronto, with a population of $6\frac{1}{2}$ million, Montreal ($6\frac{1}{2}$ million) and Vancouver (about $2\frac{1}{2}$ million). Other Canadian cities will double and more than double in size----although their positions in relation to the three major centres may grow weaker. This is, I repeat, a studied forecast of Canadian growth, in the absence of major policy changes at any level of government.

Even today, Mr. Speaker, the so-called Montreal-Toronto corridor is a nation-dominating entity. It has 40 percent of the Canadian population; two-thirds of all cheques cashed are cleared in those two cities; 75 percent of all head office corporate assets are in them, and nearly 90 percent of head office assets of financial institutions. Manufacturing costs in them ripple through the nation.

Each week, Mr. Speaker, at least 50,000 people move by railway, road or air between Montreal and Toronto.

Honourable members will not need to be reminded of more to suggest the national economical and political possibilities if this area extends its position of power in the next 30 years. It may be a wise option, but I think we would all wish to think about it.

To get back to some specific problems of coping, housing demand over the next 30 years of unconstrained future would be more than 4 million units for the three cities of Toronto, Montreal and Vancouver. There would be three million automobiles in Montreal alone, or in Toronto, by 2000 A.D. Automobile mileage in Canada would more than double, to 151 billions of miles a year, by nearly 16 million cars rather than the seven million cars we have now. The big increase in car mileage----60 percent----would be in the next 10 years.

The next 10 years, in fact, is the peak period of population growth and concentration for the remainder of the century. The postwar baby boom children are having families, with resulting pressures growing on family-type dwellings in a trend emerging counter to the high-rise building of recent years. Other factors are immigrants----75 percent of whom now come to Montreal,

Toronto and Vancouver----and internal migration from rural to urban centres and from small-urban to big-urban centres.

The ever-sharpening demand for scarce urban space that is created sets up an interconnected series of causes and effects which we will have to learn to understand if we are going to cope. How many honourable members will not recognise, already to some extent, this scenario?:

- Land becomes so expensive as to preclude all but extremely dense residential downtown living;
- Families with children seeking single-family dwellings will have to commute several hours each day;
- Downtown areas congested, polluted and noisy;
- Higher taxes and yet-higher land costs as suburbs sprawl further;
- Industries flee to suburbs, leaving the poor without access that they can afford to jobs, and the inner city without a necessary tax base. Resident leadership at core weakens as skilled workers move out;

-----Steady erosion of stable neighborhoods-----
economic uncertainly facing core dwellers
-----deteriorating quality of their
environment-----creation of an increas-
ingly explosive situation when people
feel cheated and when they despair;
-----Increased segregation of economic
classes-----divisiveness in the community,
and between communities, at a time when
unity is this country's need.

What really happens in all this, Mr. Speaker,
is that it diminishes everyone's choice. The aged and
handicapped and otherwise unemployable-----who are the
great bulk of the nation's poor-----are trapped either
in shameful housing in core slums or unreasonably far
out from the active life of a city that gives them interest.
Land costs will spur the flight to the suburbs, for those
who can afford it-----but then they will have to spend more
leisure time commuting. The more the suburbs expand,
the more the congestion on the commuter highways and
certainly the more the congestion downtown; all this
erodes the potential gains for the choice of moving out.
Higher incomes are diminished by higher taxes and by
higher costs of urban goods and services. Pollution

and sprawl, noise and congestion diminish one's aesthetic and health choices----and penalize the weak whose status we instead wish to improve.

I frankly don't know what the trade-off in all this is. I don't know where the point is reached when a city is simply too big. I don't propose what can or should be done to control city sizes. I haven't computed all the national social, economical or political implications. I have no hard alternatives, nor any preconceptions. At this point, this government and I see only some of the more evident problems, Mr. Speaker. They are enough to make us wish to co-operate with other levels of government to try to understand this process we are caught in and to use it to help fashion the kind of Canadian environment that Canadians want. For there is another side to all these negative things that can happen. That is the opportunity to direct and create urban living environments in the manner that we want, fashioning progress to our social ends rather than being overwhelmed by it. Because we are young and relatively rich and our urban problems not yet out of hand, we have opportunities that almost no other country has. I would like to think---- and I do think----that this country will grasp them.

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Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing

Member of Parliament
for Port Arthur

Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

Député de Port Arthur

Remarks at a Luncheon,
Toronto Rotary Club,
Royal York Hotel,
October 30, 1970.

Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

On a clear day, gentlemen, from the observation deck of the Toronto-Dominion Tower here you can see more than 70 jurisdictions of government. You might try it sometime, for you will see many other things as well about the way that we are growing in urban Canada. And they may rather graphically focus, or even re-direct, some of your thinking. We all see with different eyes, I know; but let's take those 70-odd jurisdictions, in a radius of 50 miles or so from Toronto's tallest building, for starters. They are only the major political divisions that govern us -- such as one nation, one province, about 60 municipalities and 6 or 8 county, metropolitan and regional governments.

They are 70 governments, all sincerely (if rather separately) concerned with providing the best ordered society they can for us. They cover one of the great and rapidly expanding regions of industrial prosperity in North America.

But do you enjoy the view? Even with a businessman's eye -- an emphasis on economic growth -- can you altogether enjoy the view?

Restrict your view a little -- the odds are it won't be such a clear day over Toronto anyway, and the murk in the air will do that for you. Look down simply over Metropolitan Toronto. If you can see all of it, which is not always possible, you look down on 101 units of local government. The Ontario Government's Municipal Research Bureau has listed them, and they might be worth mentioning: 7 municipalities

54 boards, 11 commissions, 11 committees, 5 authorities, 4 councils, 2 societies, 2 companies, 1 bureau, 1 association, 1 corporation, 1 court and 1 foundation. That was two years ago, and frankly I haven't checked to see whether Parkinson's Law has been working further here since then.

In any event, gentlemen, on a clear day from the top of the Toronto-Dominion Tower -- looking out over not only Toronto but Oshawa and Hamilton and all this greatly urbanized area -- you see an awful lot of government.

But how pleasant is the view? How is it seen by all the other jurisdictions that are out there, too?

How is the rapid urbanization seen by the jurisdiction of citizens, many of whom benefit greatly but who nevertheless compete for scarce housing, who decry pollution and who worry about the poverty, congestion and environmental decay before us?

What is the view to old people, who are rapidly forming the bulk of the nation's poor? How does the jurisdiction of young people see it?; young people who, very loudly, do not respect some of our traditional values. What is the perception of those who are on welfare and bear a social stigma for it, although most welfare recipients simply cannot work? What is the view of those who live in dirty city cores, expensively far from work in the factories that have fled to the suburbs? And, for that matter, what is it to business people such as yourselves and - until recently - myself -- who live and function in urban society -- and who have children?

These are all rhetorical questions, of course, but we all in fact really know the answers to them. And the main answer is that increasingly, despite much beauty and much prosperity, what you see from the Toronto-Dominion Tower is that urban society for too many Canadians who live in it , is a mess. Let's not mince too many words. There are social inequities, and the pressures of rapidly growing cities are increasing those inequities rather than bringing comfort. The costs are increasing more quickly than the benefits.

We don't have it nearly as bad in Canada as large urban centres do elsewhere.

We don't have the same extremes of social despair.

That should not be large comfort. For in truth, it is not so good in Canada. Inequity, will -- if unchecked -- get worse. And despair brims over into unrest. We are seeing that at the moment -- and too many of us seem to think there is something odd or un-Canadian about it. The danger is that we will see more -- in various parts of Canada -- if the conditions for many don't improve. We are not special or chosen people. Tempestuous times will not somehow curtsy, and dance the other way from the northern half of North America. We would be fools to expect that -- to say with cool complacency that we are different here.

I don't want to sound as if I am threatening fire and brimstone from a pulpit. You have already known that I am saying; you are as deeply concerned, about your country, as I or anyone. What we all are asking ourselves is -- how to cope? We should cope?

Well, gentlemen, there are, as I took pains to say, 70 major government and God knows how many smaller governing or regulating units lying below that Toronto-Dominion Tower. These governments have involved themselves precisely with the problems I have mentioned. Business and industry in this country, by and large, though, have not. The functions have been -- by generally agreed articles of faith -- kept well apart. Governments were to govern and business was to make money. Now we wonder if the system has been working as well as it should.

Governments could achieve vastly more if we had in Canada greater coordination of effort and planning, more cooperation and less conflict and duplication, between the federal, provincial and municipal levels of government. That is what the new Ministry of State for Urban Affairs is being set up to try and achieve. We will pursue that just as hard as we can; we will be as imaginative as we can in helping to develop ways to bring some direction and order to the pell-mell growth of our urban areas.

I am convinced we will have considerable success.

But I wonder if we do not need you, too.

The question is whether business and industry should exhibit a strong and active social conscience. To say it that way almost puts it in pejorative terms -- as if to say: "of course, you buccaneers, you damn well should". In fact, respected people in government, universities, and in business, are not unanimous about that.

Paul Samuelson, the economist whose books have been texts for a generation of university students, who won the Nobel Prize for his work last week, says that the business of business is business. Some of you may also have read George Cabot Lodge's recent article in October issue of Fortune which eloquently makes much of the same point.

Many businessmen question whether management, carrying out its responsibility to the stockholders, has the right to invest time, effort and money to help solve broad social problems. And if it has that right, they ask, what should business really do in attacking the incredibly complex problems? Is a patch here and an initiative there of much use, without an overall framework? And shouldn't elected government, through the political process and not us, set the framework?

Many others say: "let us continue to keep business and industry out of social affairs". By their very nature -- because they are leaders, aggressive, impatient to get the job done, because they, naturally, tend to expand corporate objectives in a straight line -- all these factors tend to keep businessmen out of what are the concerns of the society at large. ...6

I wonder -- and I speak for myself -- if the question must be cast in such either/or terms.

I suspect it is possible for business and industry to specifically go out of their way to hire uneducated poor people and train them -- to fight pollution -- to get into housing programs in neighbourhoods -- and yet make a profit for their stockholders. Cold and narrow methods of accounting costs and benefits may have to change, but I think there can still be profit.

And if you did such things, I don't think you would have to be taking over areas of social policy from Government. First, there is plenty for us all to do, and you will not disrupt our political structure by pitching in but in actual fact, help reshape them. Second, you can and should do it with governments. Governments can not only set policies and frameworks. They can provide financial incentives. Not one corporation, gentlemen, has come to me or to the federal government with a new scheme for hiring poor people, and training them, and asking for some defrayment of the cost. They should. I will listen.

In my specific area of housing, I have heard no corporation that resides in Toronto or Montreal come to me and say we will help renovate this or that neighbourhood for the people in it and here is how you can help us. They should. Corporations -- some of them parent corporations of Canadian subsidiaries -- are doing that in the United States. If they come, I will listen.

I don't suggest that you respond purely out of any lofty sense of public mission. I would ask you to respond out of the profit motive, as long as you take a longer-sighted view of the return on investment.

Perhaps I could commend you to the words of Henry Ford the Second, earlier this year: "Now that public expectations are exploding in all directions, we can no longer regard profits and service to society as separate and competing goals, even in the short run".

Great corporations in the United States are finding it to their own hard-nosed profit -- however you calculate it -- to go into the business of setting up day-care centres for their female employees. Telephone corporations do that. Department store chains do that. It pays them to. And of course we all know -- social workers and those who pay or receive welfare are forever telling us -- that day-care centres that would permit female head of families to work are significant responses to one of today's prime social needs.

I mentioned a minute ago the programs in the United States, often very elaborate ones, for hiring and training poor and uneducated people. These people are often called minority people, and they are blacks and Spanish-Americans. We have our minority people in Canada, too, gentlemen - I was formerly the Minister without Portfolio associated with Indian Affairs -- and I can tell you that there are thousands of deprived in our cities.

People in the cities, who need the most elementary training and motivation, are every bit as needful as the ones we hear more about -- those on rural enclaves.

American Corporations, as I have said, are beginning to exhibit considerable social activism in the United States. I would like to be able to notice the same degree of conscience by their subsidiaries and by purely Canadian companies in this country.

I was delighted when the Canadian Chamber of Commerce held its annual convention in Vancouver last month on the theme that business must become socially active. Several speakers made the valid points that business must get into the community -- and not in token ways -- because a sick community and a depressed community and a community of unrest and ill-educated are, bluntly, not good marketplaces. I will be delighted, indeed, if Canadian business organizations -- the Canadian Chamber and member Chambers follow up on that. They can -- and I have been personally assured on this -- expect sympathetic and typically voluminous cooperation from the Chamber of Commerce of the United States. The United States Chamber has a whole division of active men working on programs for getting business and industry across the country involved in community housing programs, hiring and training, education, day-care, drug education and a host of other things. Individual Chambers across the United States, driven by a new conscience that was itself driven by fear, have become similarly active.

We, in our Chambers and generally speaking in our business and industry, have yet to begin. Perhaps our problems in Canada do not yet appear to press nearly so strongly. But that is a fortunate accident of time. Wouldn't it be a prideful thing if we could be foresighted -- and fore-active, if I may fabricate a word?

Gentlemen -- and I want to speak through you business and professional men to the Canadian business community -- you are natural leaders. You are, by training and instinct, problem-solvers. You can bring great resources of intellect and skill, and money to bear.

You could really become involved in the search for solutions to social ills by putting some of your best middle-management working executives on to them.. Not the senior executive who will give his time to a Speakers' Bureau, or a PR staff who will produce all the social-sounding rhetoric. If business is going to become really involved -- in its own interests as well as those of society as a whole -- then put in the men at the working, innovating, thinking-problems-through level.

You will not only have applied their imaginations and skills, but you will have opened up new lines of dialogue between business and government and all the people.

You will know what problems you can best tackle. You will be quite clear about what it will take in the way of

reasonable profit incentives for governments to cooperate with you to make your suggested program a reality. Or you will know what you can undertake without incentives other than the uplift of the community in which you do business.

You can come to governments with ideas -- with initiatives -- rather than have governments come to you with demands or have them institute programs for which business will have to help pay.

In return, you should, I believe, be able to expect careful government planning, coordination and readiness to partner programs at many levels. Where financial incentives clearly make sense, you should be able to expect a decent hearing for them. We are just beginning now to build the new federal Ministry of State for Urban Affairs and Housing -- and of course in urban affairs the provinces have the major constitutional jurisdiction. But from my level, at least, and I'm sure from the other levels of government, you will increasingly get that more careful planning and inter-government coordination that should bespeak better direction and effectiveness. And at my level, if you bring imaginative and non-token schemes to Ottawa, I will help them get a fair hearing. That's a promise - and I hope you take me up on it.

And while I have implored you to share your skills with your communities, I do want to end my remarks by stressing George Cabot Lodge's sentiments expressed in his

recent article. The task of government in our modern technological and almost post-industrial society is to lead. Politicians simply cannot come to the businessman's doorstep and piously plead for participation.

Government, through a constant striving to improve the democratic character of the political process, must, in our complex highly interrelated economy and society, define the objectives. And through national consensus government must demonstrate that it is capable of managing its own affairs, of creating a framework of public policies which encourage individual creativity and leadership and do not stultify it.

And, if there were any doubt before, I think that crisis events of the past few weeks have clearly demonstrated that the Government does not shy from its responsibilities. And it is in that context that I call for your participation in solving our nation's problems and opportunities, and for your considered support in all our endeavours.

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Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing

Member of Parliament
for Port Arthur

66th Annual Conference,
Union of Nova Scotia Municipalities,
Halifax, N.S.

Central Mortgage
and Housing Corporation

National Housing Act

Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

Député de Port Arthur

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

I see that I am billed to speak about "The Federal Role in Local Affairs". Now that can be touchy ground for a Federal Minister . . . there are provinces which would call that just another case of Ottawa invading their own bedrooms. And you know the respect we in Ottawa have for the nation's bedrooms.

However, I don't mind risking my arm a little. Halifax does that to me. It was only a year ago, right here, that I took a public flyer on the notion of a national urban forum of some kind that would --- for the first time in a century of Confederation --- bring the federal, provincial and municipal levels of government together in a continuing way to discuss how best we can define our many problems and opportunities and then work together to create the kind of urban Canada that we choose to have. It's been a pretty rocky year since then, for all Canada and in several ways. But I am happy to be able to return to Halifax and report progress on that suggestion of a year ago and on much that surrounds it.

And so, Mr. Thornhill, perhaps you will let me reword my topic slightly ... to read something like "The Federal, Provincial and Municipal Roles in Each Others' Affairs". That isn't as much of an undefined mish-mash as jurisdictional purists may think. It is a fairly precise definition, rather, of the interdependent reality of today. It bespeaks a recognition

that we are all coming to ... that the old simple divisions don't work so well any more:

- that the municipalities can't simply argue any longer that "We are closest to the people --- give us the money and we'll do the job";
- that provinces cannot ignore the extra-provincial, the national, dimensions and the nation-dominating roles that urban systems have taken on;
- that the Federal Government cannot ignore its national responsibility to provide effective leadership while still scrupulously respecting (and I can't stress this too much) the constitutional division of powers in Canada.

No, Sir. What we are all groping towards now is a much more up-to-date understanding of the infinitely more complex Canada that has emerged within recent years --- and of the even more radically changed Canada that we are rapidly heading into. It is a Canada too complex and fast-moving to govern with any hope of overall social equity and fair play unless all levels of government have two key things:

1. A much clearer understanding of what in the late 20th century is happening to us, and,
2. Much closer cooperation so that we plan and use relatively scarce resources in the most equitable, most efficient and most imaginative ways.

The Ministry of State for Urban Affairs is being established --- if only Mr. Stanfield and his people would stop holding it up --- to zero in on precisely these two areas. It will lead a specific process of research and planning and thinking that has not occurred in Canada before. It will lead in the kind of two-and-three-level action and coordination of effort that has not occurred in Canada before.

But why an Urban ministry to do this? I suspect many of you representatives of Nova Scotia municipalities are asking what relevance an Urban Affairs ministry-designate has to you. Or worse, whether it is the start of something else at the federal level that, almost by definition, tends to leave much of the Maritimes out.

Let's lay that last to rest, right now. First of all, the Atlantic Provinces do have important urban centres, obviously. Right here, Halifax-Dartmouth is making impressive strides toward a stimulating rejuvenation --- helped as in Scotia Square by Central Mortgage and Housing Corporation, helped through programs of the Department of Regional Economic Expansion and other federal programs, helped by your own entrepreneurship and spirit.

Furthermore you can be assured that "urban", in our mind, is not measured only by sheer size; it does not simply mean Montreal, Toronto and Vancouver --- not by any means.

How the capitals and other urban centres of the Atlantic Provinces grow ... how the federal government with the provinces and municipalities can help to stimulate and shape the development of these vital growth centres ... will shape the future of the provinces and region as a whole.

In the most rational (which means the most socially comfortable and the most pleasing as well as the most cost-effective) development of these growth centres, lies much of the future of this whole region of Canada. And that means, importantly, the future of Canada.

And so, when we talk of coordination and planning between levels of government --- and within the federal government --- we are not talking of vague concepts meant only for such far-off and asphalted places as the Golden Triangle.

No! I want to make that clear here --- and I hope that I will be heard in those other parts of Canada that do not lie near to Montreal, Toronto or Vancouver. Events are rushing together that are profoundly important for all Canada. The economic strength, and the spirit of unity, of the regions of Canada --- the sum of all the parts --- has to be our pre-eminent concern today. Economic and demographic patterns are happening in Canada that, I believe, must be constrained and re-channelled to some degree. Otherwise, they will further the dominance and powers of the urbanised, industrialised centres and the regions surrounding them.

I have cited some projections enough times: they point to the great majority of Canadians living in just 12 Centres and about half of all Canadians in just Montreal, Toronto and Vancouver --- within 30 years --- unless we start moving now.

This can plainly bear truly frightening significance for the future of the regions of Canada, and thus for the integrity of the country itself.

Even now, one can understand when the former Premier of Ontario warns of roasting that golden goose. But surely he must know that other regions of Canada feel themselves, by comparison, underfed chickens ... chickens who buy the manufactured products that keep Ontario fat. And surely there is a national duty to attend to that inequality.

It would be disastrous for a nation that is already sufficiently divided by geography to be further balkanized into a few giant city-states with their own surrounding agribusiness and industrial supporting lands ... and with the rest of Canada existing in a kind of welfare-supported rustic poverty. That way lies the collapse of what we now know as Canada. That is the way that, if current patterns are left to themselves, Canada is going.....

We may just as well be clear about it. We are in the midst of very real difficulties in Canada. They are not simply French-English, or Quebec-versus-the-rest, difficulties ... although it is significant that Quebec has the kind of economic problems that you do. The problem

in Canada --- made even more difficult by geography and, to some extent, by cultural differences --- is one of bringing the greatest possible social equity to the whole nation.

Quite obviously, it must be greatly concerned with the areas that have some catching up to do. Quite obviously, it is a problem intricately involved in the process of urbanization of Canada.

And so our Urban Affairs Ministry is being established to provide both a research and policy-development role and a role that ensures that things get done. In cooperation with other departments of federal government, and with other levels of government, we will be looking at many problems: for one, the revenue sources and the expenditures of municipalities, whose own traditional taxes are about at their limit. When you have a situation such as that in Halifax, where if a family were provided a serviced house totally free it would still cost \$50 and more a month in taxes alone ... you have a situation that strikes at what CMHC, for instance, is trying to do in the way of housing for low income Canadians. In many inter-related ways we must see our various problems.

An epochal step towards seeing our situation in inter-related ways was taken at Winnipeg last month.

Federal, provincial and municipal government representatives committed themselves to starting the kind of forum I talked about here last year.

It was the first-ever such tri-level meeting ... and it agreed to hold a national tri-level consultation, at a date to be decided later, on problems created by the pace of urbanization in Canada. It was agreed that that meeting will be part of a continuing consultative process.

We are working on a date and an agenda for this tri-level meeting, in a committee composed of myself, the Municipal Affairs Minister of Ontario and a representative of the municipal governments. This committee will report to a meeting of municipal affairs ministers and myself in Victoria on August 25th.

While the exact methods of representation and the agenda remain to be worked out, it is important that for the first time in Canada's history structures are being established to bring the municipalities into a national consultative process. It is a complex and difficult problem, but we are launched now on a process that I could only suggest a year ago.

I should not, of course talk to you representatives of municipalities only as Urban Affairs Minister-designate. As the minister responsible for housing, through whom the CMHC operates, we have much joint work and cooperating to do. In fact, my two roles dovetail importantly.

A federally-stimulated upsurge in home-building activity in Canada this year is contributing to providing jobs as well as decent housing that more and more people can afford.

I am glad that an active picture is developing here, as it is elsewhere in Canada. For instance, in the Halifax-Dartmouth area, housing starts are already assured of being well up from last year. And that is especially true of low income housing starts in spilling over into this year, as with the imaginative 400-unit Centennial Properties project here.

Nova Scotia, you know, has been among the most enthusiastic and active provinces in cooperating to find new ways to get more housing for people of lower incomes.

Shell housing---or "sweat equity" housing---is a concept and method available anywhere in Canada but used mostly in Nova Scotia. It was well-launched last year and CMHC has reserved funds this year to build not less than 300 such units this year in the province. Furthermore, we are considering new mortgage techniques whereby the work a man puts into building his own house is given a dollar value that is applied directly to his down payment. What we hope for is the situation where many people will not--in dollars--have to put up any down payment.

Cooperative Housing is another Nova Scotia specialty. Once again, it is available anywhere in Canada, but Nova Scotia has had the will and imagination to make use of it, almost alone. More than 2,000 homes have been provided to people of low income who band together into small cooperatives. The federal government pays 75 percent of the cost of these buildings and the provincial government 25 percent----and the cooperatives own them.

We now have a further offer open to Nova Scotia or any other province. It is that we will on an experimental basis consider for very low income people not only supporting cooperatives in this way, but also providing subsidies to cooperative-members to help them meet their mortgage payments. That subsidy would be provided by both the federal and provincial partners, I should say.

We also stand ready now, as another new thing, to issue mortgages to cooperative members individually, rather than to the cooperative collectively. That removes the onus on the cooperative as a whole if an individual member should default.

There is another general point ----an overriding point----that should be well understood in Nova Scotia and in the Atlantic provinces generally. CMHC has a budget and budgets can only stretch so far. And so CMHC has to institute a form of rationing, as it were, for the regions of Canada. Except for one region, that is there is no rationing for the Atlantic Provinces.

CMHC funds are provided to the extent that the Atlantic Provinces can absorb them and carry their parts in the programs that are involved. And we will maintain that approach for the Atlantic region.

I appreciate the positive reaction here to special attempts to find new ways to provide low income housing. I'm confident that the same response will meet a program announced in Ottawa last Friday.

That is a \$100 million federal fund for 1971 to help families in the \$4,000 to \$6,000 income range own their own homes....about 8,000 such homes in Canada in 1971.

The Atlantic Provinces will receive about \$11 million under this particular program, to house about 880 families in 1971. Nova Scotia will receive about \$2.5 million of this, to house about 300 families. The shell housing that I mentioned above will be prominent here.

Under the program, the CMHC will make loans to builders in the usual way. Purchasers will make a minimum down payment of five percent of the purchase price of their units and will not be able to pay more than 27 percent of their gross annual income principal, interest and taxes. That is at a mortgage rate of 8 3/4 percent. But where

purchasers cannot meet there requirements, the interest rate may be reduced to a minimum of 7 1/4 percent. And the amortization period can be extended from the usual 25 years to 40 years.

This program of variable interest rates and extended repayment terms will combine with various forms of provincial and municipal assistance to bring homes within the reach of low income people. In Nova Scotia, where your new (Liberal) government has introduced a 2 percent interest rebate, mortgage rates for low income families can be brought down to 5 1/4%. This is a very important improvement in bringing interest rates down to some kind of a manageable level for ordinary people --- and the government of Nova Scotia should be congratulated for cooperating in an imaginative way.

I should also note that this special Assisted Home Ownership program will be concentrated in the smaller centres of this and other provinces.

In addition and complementarily, I am today (Monday) announcing that CMHC is seeking proposals for builders in 25 Canadian centres for the construction, ownership and operation of housing for rent to low income families with children. Advertisements will be out in tomorrow's papers. They will seek proposals for, among others, 250 housing units in Halifax-Dartmouth, 150 in St. John's, Newfoundland, and 75 units in Moncton. Loans of \$85 to \$90 million will be made across the country

under Section 16 of the National Housing Act to build close to 5,000 units. In these units, rents will be regulated in CMHC contracts with the builders and developers.

Local residents will serve as members of juries to select the best projects-----and, a significant development, low income persons will be on those juries to represent the families for whom the housing is intended.

Having low income people on juries is a seemingly small item. But it is symbolic of all that we are trying to do. And that is to establish choices by Canadians, in as many ways as are possible; as to the kind of Canada that they want to build.

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Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing

Member of Parliament
for Port Arthur

Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

Député de Port Arthur

Conference on Cities,
Indianapolis, Indiana.



Central Mortgage
and Housing Corporation

National Housing Act

Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

This is Wednesday, May 26. Back in Ottawa - this afternoon the federal parliament of Canada is expected to pass bill 207. Among other things, this bill will establish Canada's first Ministry of State for Urban Affairs. It will be my pleasure to be Canada's first federal Minister of State for Urban Affairs and assume the responsibility of creating a new institution to cope with the mounting issues of a rapidly urbanizing Canada.

Now - before you sigh and suspect that I am subjecting you to some kind of Canadian promotional pitch - or my personal ego-trip - let me hasten to say that I have chosen to talk about this event - in the context of "Requirements for Effective Innovation".

In doing so - I hope it will be of some value to hear of our beginning of a process - a political process - of urban policy making. So it is on this aspect that my comments will concentrate - the process of public policy making is an inter-related complex field such as urban affairs - rather than on the specifics of that urban policy.

So, this morning, I would like to speak not as an urban expert -- since I am sure that one of my staff could more appropriately deliver a scholarly paper -- but as the political member of a government who, over the past two years, worked against many tides to

slowly develop a commitment to three objectives: (1) to the need in Canada for a national urban policy, (2) to the importance of developing new instruments of policy making, and (3) to the requirement for new institutional mechanisms to bring together those who make decisions affecting cities -- our federal, provincial, and municipal governments and the people -- in order to define our objectives and priorities.

To urban experts these objectives perhaps reflect the conventional wisdom of our time. And yet these are goals that have not been widely shared or effectively pursued in our society and I suspect in many of yours.

I do not wish to imply that what we have done or are attempting to achieve is either great or dramatically new. Perhaps our uniqueness lies in our commitment to develop new political and policy making mechanisms.

For many of our societies abound with grand designs for achieving political or administrative reforms. And although the will and expertise to develop the broad policy frameworks which our complex economies and societies demand is a difficult enough process, the real test comes in seeking their implementation. The complex

formal organizations, the public bureaucracies, and private institutions, as well as the fragmentation among political jurisdictions, all work to prevent changes in our traditional ways of coping with national problems. I am sure that there is no need for me to document the obstacles which face those who seek to define and operationalize metapolicies or even new specific policies.

I said that our first objective has been to seek support for a national urban policy. Let me detail how we in Canada are moving towards this objective.

Two years ago, I accepted Ministerial responsibility for federal housing policies and what was vaguely known as several federal programs which affected Canadian cities. My predecessor had just resigned from the Cabinet, in part, because of some of the housing and urban policies he advocated, in their intrusion into the constitutional jurisdiction of provincial governments, were rejected by the government. He led an extremely visible public Task Force on Housing and Urban Affairs which politicized urban and housing problems throughout the country although little substantive research was conducted by this commission. The prime "urban" recommendation of the report of the Task Force was a call for the establishment of a federal Department of Urban Affairs,

modelled only in part on the U.S. Department of Housing and Urban Development. This recommendation was not accepted by the government at that time (1969).

Partly as a result of my predecessor's resignation and his Task Force Report, "urban affairs" had become a highly visible political issue in Canada by 1969 but the level of understanding of urban problems, at least among the principal political actors at all levels of government, if not among the experts, was severely limited. The traditional cry of local governments: "Give us the money and we'll do the job." was a dominant cry. Similarly, the provinces repeated the message and did not welcome any federal initiatives. If one defined a housing shortage: then build more houses. Too much traffic congestion: build more roads. Too many slums: clear them. An extremely limited recognition of the interdependence of urban problems. The notion of a national urban policy was not present in public dialogue on the problems of Canadian cities.

Many municipalities tended to see solutions to their problems in cash transfers from the federal government. Attention was not directed to a search for real policy levers which have a far more profound affect on the urban process. Further, an extremely rigid program of city core urban renewal historically focussed municipal attention on core slum clearance as a major solution to urban problems.



To a large extent we had simply adapted an American program with all its defects and a limited understanding of its consequences. In many ways, this program which is heavily financed by the federal government tended to narrow the vision of municipal and other leaders to an expensive process of core clearance without any clear notion as to what the objectives were, and with limited understanding of the consequences.

Well, within a few weeks of accepting this job in 1969, I cancelled federal funding of any new urban renewal scheme implementations in Canada. Many of you in this room will appreciate the short term political costs of cutting off such a program which was a ready source of funds to cities. We paid the political costs and started a hue and cry across the country for the federal government to solve the problems of the cities.

In a sense, the ball was with us to provide the direction and a basis for a more complete and rational approach to urban problems. Well, I launched an urban study. It was a relatively in-depth, expert, and independent (of the public service) analysis of urbanization in Canada. The purpose of this was to educate us at the federal level, the other levels of government, and the people of our country and bring us to a common basis for understanding urban problems and the basic alternatives for dealing with them. The



resulting report was tabled in our House of Commons early this year and is just now beginning to penetrate the various urban constituencies.

I will not go into detail as to its findings other than to state that this study has moved us a considerable way in our understanding of urbanization in Canada -- its specific manifestations in individual cities, and its national consequences.

In the publication of this study, and in my endeavours and the efforts of the federal government, we have sought to launch a public dialogue on what exactly is "happening" in urban Canada, on what our urban problems are, on the future projections of urban growth in a sparsely populated but urban concentrated nation, in the specific problems of the micro system as well as the national consequences of the highly interdependent macro system.

To some extent, our ability to communicate the complex nature of urban problems, the connectedness of the national urban system, and the need for a national urban policy, rests on a simple message: the demographic picture of Canada that we forecast for the year 2,000.

By the year 2,000 in the unconstrained future, almost one

half of Canada's estimated population of about 40 million -- which represents a doubling of our present population within thirty years -- will live in three cities: Toronto, Montreal and Vancouver. The bulk of Canada's population will reside in 12 urban centres.

To a nation that straggles across a thin line for 3,000 miles along the U.S. border, the dominance of three such urban centres, and the relative rustic isolation and poverty of the remaining bulk of our vast country, has argued more strongly than anything else for national policy.

Our second basic objective, was the need to develop new mechanisms of public policy formulation within the federal government.

Canada is a parliamentary democracy. In 1968, our Prime Minister effected a reorganization of the major decision-making mechanism, the Cabinet, by structuring its activities into four functional committees, each headed by a Minister who also held a departmental portfolio. While the efficiency of Cabinet was greatly increased, and the Prime Minister's office and department became more of a coordinating agency with our Treasury Board and Finance Department, this was only a first step. For the basic organization of the government remained the same, with almost thirty Ministers,



each representing a horizontal department or agency, forming the Cabinet. And, partly because of the notion of Cabinet responsibility, the coordinating functions of the central agencies were only marginally improved.

But in launching the major urban study, I referred to earlier, a model of a policy making mechanism was suggested not only in the report of the study but in the very way in which we organized this quasi-official research and policy process. A small, tightly coordinated group of external and public service experts directly reporting to me, as a Minister and member of the Cabinet, conducted our urban study. And while there is nothing terribly novel about such an approach to policy making, its impact on the Canadian political and administrative process was great.

In our dialogue with the Prime Minister and other key actors about the federal role in urban affairs, the study led to a second step. For in my rejection of the traditional concept of a Department of Urban Affairs and Housing, with its policy making and massive program delivery apparatus, we argued that because of the inter-relatedness and all inclusiveness of "urbanization", we preferred the establishment of a research, policy making and coordinative Ministry with no delivery system and no direct program responsibility.



That new type of Cabinet Ministry then, is at the root of the Ministry of State concept we are introducing.

The reasons for creating, in the urban sector, such a small highly expert mechanism reporting directly to a Minister and hence with full access to Cabinet, also argued for the need for such mechanisms in other sectors. This has led to the reorganization of the Cabinet structure by seeking to create about five new Ministries to be known as Ministries of State for designated purposes.

We have followed up our urban study by beginning to build a new urban Ministry and our strong commitment is to maintain the organization as a highly expert and extremely small group whose primary function will be research, policy development and coordination within and between governments. Only time will demonstrate if our Ministry and other new Ministries of State will become effective instruments of policy making and coordination in the complex and tradition-ridden governmental world used to large bureaucracies. But we have taken the first step and our enthusiasm and commitment is strong.



The Ministry's role as a focus and source of policy development for urbanization in Canada will have three characteristic features:

- (a) It will be co-ordinative in its method of developing comprehensive urban policies, based on continuing research, and primarily oriented to the federal presence and initiative.
- (b) It will be supportive to the current and future urban programmes maintained and developed by other federal agencies and having direct urban influence from coast to coast. In this process, my Ministry will not attempt to duplicate existing delivery facilities, nor to take them over.
- (c) It will have a consultative position in relation to the federal, provincial and local governments' responsibilities in city and municipal matters. The Ministry is committed to developing a broadly-based and highly visible and continuing consultative forum and process involving the federal government, the Provinces and the Municipalities and Urban communities, in order to build the broadest possible understanding for the process of urbanization and, thereby, initiating a consensus in the building of national policies and federal initiatives.

That consultative function of our Ministry brings me to my third basic objective which is to seek to establish new institutional mechanisms to bring together those who make decisions affecting cities, the federal, provincial and municipal actors. This is perhaps our most difficult and intransigent problem.

Canada is a federal system and our constitution reserves municipal affairs to the jurisdiction of the provinces. Two years ago even the federal government had not realized the tremendous impact that its activities had upon the cities of the nation. Our urban study documented 117 federal programs operating through 27 departments and agencies of the federal government which have a direct effect on the shape and growth of Canadian cities. And although this fact may have not been news to some in Canada, it was a startling revelation to all governments.

For although "municipal affairs" is clearly in the jurisdiction of the provinces, the involvement of the federal government in urban affairs was also clearly demonstrated and the absence of any coordinating process between the varied federal programs administered by numerous separate agencies and the equally fragmented activities of other governments was also clearly defined.

Well, we have started, in the establishment of an institution to serve as a federal focal point in urban affairs, a point for co-ordination. We have also launched a process with the ten provincial governments to bring the federal government, the provinces and the representatives of the cities into the same room. Last month, for the first time in Canadian history, we actually met as three levels of government and made some real progress towards creating machinery for continued dialogue among the three parties.

But, I have no illusions about the difficulties in seeking to coordinate the disparate urban activities of many levels of government. And I cannot offer today to you any new wisdom or any new models of coordinative processes which show the way. This remains a central dilemma of government in all societies, especially in federal systems.

But perhaps, in the final analysis, we have to count on the leadership and commitment of those in public life to constantly seek ways to make governments more responsive to the real needs of the people, to examine and constantly question the separate bureaucratic empires in every society, to build into our thinking the flexibility to accept new ideas and new ways of solving old problems.

From the record of the discussion at this Conference I look forward to learning of the numerous ways in which other governments are seeking to cope with the problems of cities and I greatly appreciate this opportunity of meeting with all of you.



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Remarks by the Honourable Robert Andras

Federal Minister
Responsible for Housing

Member of Parliament
for Port Arthur

Discours de l'honorable Robert Andras

ministre fédéral
chargé du logement

Député de Port Arthur

National Forum
of The American Institute
of Architects,
Detroit, Michigan.

Central Mortgage
and Housing Corporation

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Société centrale
d'hypothèques et de logement

Loi nationale sur l'habitation

*Ministry of State for Urban Affairs
[...]*



Mr. Moderator, we are talking here about whether North America needs new settlements and I note that your literature says that "Hard Choices" in this regard must be made by the architect "for his country and for his countrymen".

With respect, and as a guest, I suggest this misses the mark. And I wonder whether this arrogation of a role is not precisely the first hard problem that you in your architectural profession and I in my political one must find answers to: How do architects stop talking only to architects, politicians to politicians, and neither of them to God, each other or their countrymen at large? Because the time is passing fast when politicians or professional men can do very much "for" their countryman --- the man doesn't trust it, and he certainly has had enough talk over his head about it. Anything that's going to be done "for" him, he wants charge of. If there is to be talking, he is demanding to be part of that talk.

These are the rawest of clichés. They are also meant to suggest how raw feelings are today. There is I think in both our countries a growing cynicism toward government and toward the liberal-professional establishment. Toward you and me. We have too long been people in boxes ... separate and poorly connecting boxes ... trying from our solitudes to order the lives of others. And doing rather badly, at the moment.

Mr. Moderator, later in this address and in the panel I will speak more directly to the questions of whether there should be new patterns of human settlement and whether a country will buy a guided national urban policy. In short, there should, and Canada, I think, will. But first let me continue with my main thesis.

We must develop ways that are absent now or atrophied, in which the "hard choices" that are required are made by all who will live with them. The only national urban policy that will work will be the one that is guided by the most responsively understood desires of the people of the nation.

At the moment, we are not understanding and are not adequately responding. And our cities and people show it. There is, as I said, a polarization of people away from government and away from the professional-business-industrial establishment. Government gets further from people, not closer, despite all the anguished Reports, Commissions, Advisory Boards and what-have-you that government sets up. More "experts" talking to each other ... without the real problems of the people being solved. And that is equally - even, perhaps, more true of professional people, although you are so sincerely concerned and have such a great stake in the kind of environment that is being built.

One of the most critical problems of any state is how the society sets up processes that allow the various conflicting, competing demands and voices in a community to work themselves out. How do all the components of that society, all in their boxes, break through the distortion of effort and of perceptions that is caused by fragmentation and separate solitudes? How does architect speak to politician to public housing tenant to planner to ratepayer to highway builder and so on? How do you create a consensus in a society ?

These are questions that perturb many of us and I am saying nothing new. Yet there has been no fundamental debate in your country or in mine as to what institutions in society should have power. Or what powers should be shared ... and by whom. We grope through various mechanisms -- through Big Daddy federal departments ... through special programs ... through cash grants to municipalities because they are somehow "closer to the people", and so on. And still the city ... the cradle and the continuing vehicle of civilization -- grows more difficult to govern within the traditional models and more unpleasant for the people who live in them.

In Canada, we have tried several tacks, although perhaps the predominant one until recently has been, at the Federal level, to turn a blind eye.

Canada, like the United States, is a federal system, not a unitary state -- with, perhaps, more powerful provincial governments than those of your states. We do not, of course, have the same degree of urban problems as you have in the United States. We do not have the racial problems. We are not involved in war, or space. Canadian cities are not as large, or as congested, or as old

as U.S. cities. But our relative innocence -- and it is only relative -- is simply a function of time. We do have growing problems of uncontrolled and unappealing growth, of congestion, pollution, poverty and inequity, of depersonalization, of polarization and ennui.

All these call for a national urban policy, in a federal country in which municipal affairs and property rights are constitutionally the jurisdiction of the provinces, but also in which 117 different federal programs and 27 federal departments and agencies have a direct effect on the shape and growth of Canadian cities. And the call is heightened by our demographic forecasts. In the unconstrained future, we shall double our population to about 40 million within 30 years. Almost one-half of that population will live in three cities: Toronto, Montreal and Vancouver. The great bulk (74%) of Canada's population will live in 12 urban centres. The rest of the country will live in relative rustic isolation and poverty.

So -- we in Canada are undergoing new patterns of human settlement, faster than most countries, like it or not. The question is, can we as a people express and exert our choices so that we can shape and order the kind of new and evolving environment that we want?

In Canada, we have to think of the social, the political and the "national-survival" implications of a vast hinterland dominated by three gigantic urban systems-----and lying next to the urbanized, industrialized might of the United States. We have to ask what that may say for our own control and our own priority-setting over the quality of life in our own land and over patterns of settlement?

We must clearly, develop new mechanisms of public policy formulation by government, and new mechanisms to bring together those at various levels who make decisions and express choices.

We have time in our favour, time for anticipatory intervention. We have material resources, and we have untapped energy resources in our people. Among ordinary citizens and professional people, awareness of their own urban condition and involvement in it is leaping ahead. Let me cite two recent examples that could not have happened in the Canada of even two years ago:

.../7

- i) Vocal citizens, banding together in responsible ways and making responsible arguments and exerting pressure responsibly, against almost all odds, secured the abandonment of a major and heavily committed - half built - Expressway in Toronto. To stop can also be to build...in this case to responsively build and assert values that flinch at forever putting asphalt over grass and downtown people out into the fields. I suspect the Spadina Expressway decision by the provincial government of Ontario will have considerable effect on political decision-making in Canada.

- ii) Another recent and significant incident was that Public Housing Tenants from across Canada held a National Conference in Ottawa. Resentment at the cheek of them would have been a largely universal reaction a few years ago. But the

reaction now was that articulate and mainly moderate people were making demands that often smacked of sense --- very often. As well as being Minister of State for Urban Affairs, I am also the Minister in charge of our Central Mortgage and Housing Corporation, which helps to build 100,000 of the roughly 200,000 dwelling units currently being built in Canada each year, with a billion dollar CMHC budget directed primarily at lower-income housing and public housing. I can tell you that we are revamping, or trying to, our perhaps paternalistic approaches. The public housing tenants are forcing the pace.

Another element in our favour is the new ethic generally emerging. It is happening everywhere, not only in Canada --- this new concern with the quality of our life as compared with traditional growth, growth aspirations. It provides both a challenge and a lever to grasp.

Our political challenge is to work with what we have:

(a) to reshape our political mechanisms and sensors, at various levels, to give all concerned people a voice in decision-making;

(b) to identify national goals -- what kind of urban Canada do we want and at what price and with what benefits? and,

(c) to coordinate urban activities of governments and make them responsive and adaptive to a continuing evaluation that sees cities and city systems as interconnected wholes.

We are making a beginning at that in Canada, after two years of laying the groundwork, with my new Ministry of State for Urban Affairs.

It is a research, policy-making and coordinative Ministry with (deliberately) no delivery system, no immense program budgets ... a small and (hopefully) highly expert mechanism reporting directly to me and through me to Cabinet.



It is a very new venture in our complex, boxed-in, tradition-ridden governmental world. I don't mind saying that both my own governmental colleagues and municipal and provincial governments in Canada are somewhat tentatively, maybe even dubiously, eyeing this apparently under-muscled but, we hope, supple and surprisingly lithe new creature.

The Ministry is to be a focus and source of policy development for urbanization in Canada.

It will develop comprehensive urban policies, based on continuing research, for the use of the federal government in general, often in collaboration with other governments. It will support, and evaluate, and coordinate urban programs of other federal departments and agencies. It will coordinate and consult between the federal government and the provincial and municipal governments to avoid duplication, confusion of purpose and program, and waste.

In this last role, the Ministry is leading in developing a broadly based and highly visible forum--- perhaps to be called something like a National Urban Council. That forum would provide a continuing consultative process involving the federal, provincial and municipal levels of government. We have already met, have set machinery in train, and will meet again. We hope to establish devices that will bring professional groups - like yours - private citizens and many organizations into a form of productive association.

One of the essential roles of the Ministry is to attempt to see whether old problems do not require new definitions to study whether classical administrative, taxation, cash grant aid programmes and other practices are valid today.

Well, that is one way that one country is trying to meet the challenges. I think the professions have challenges too. They might be:

- (a) to make the professions much more responsive to the wider social awareness current today, and to start talking effectively with the public; and,
- (b) to bring about better co-ordination of inter-disciplinary philosophy and action between the many professions claiming to have an interest in urban problems... to eliminate the "territorial imperative" between professions.

In this connection, and perhaps supporting the general theme of what I have been saying, let me commend you to recent words by Jean-Louis Lalonde, the new president of the Royal Architectural Institute of Canada. Let me quote from him:

"The values we express and work with for good environment and good design represent our own way of thinking. They may not be what the people required. We have no monopoly on taste. In order to take a more active part in the organization of the environment, we have to find out what people think is good, perhaps adopting a listening role: we are not used to that".

None of us are terribly well used to that.

I think it is time - gentlemen - that
we really start learning how to listen - and to hear -
and to respond to what people really want.

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Remarks By

WILLIAM TERON
PRESIDENT

Central Mortgage and Housing Corporation

To

The Association of Ontario Municipalities

ROYAL YORK HOTEL, TORONTO
August 22, 1973

Mr. Chairman, Ladies and Gentlemen:

The first thing I must say to you this morning is to tell you how pleased I am to have the opportunity of meeting and talking with the leaders of Ontario's municipalities about the problems and challenges we share.

The second thing I must say to you is that my pleasure in this occasion is limited somewhat by two factors:

As a brand-new public servant you constitute for me a rather formidable body of knowledge and experience in the field of housing and municipal affairs.

And secondly, no matter how knowledgeable and interested we all are, this is not the best time of day to make -- or listen to -- a heavy speech.

Perhaps the most useful thing I can do this morning is to introduce myself -- to share with you some of my attitudes about my job, some of the directions in which my thinking is headed.

As a "new boy" in the field of public administration, I beg your indulgence while I am finding my way around in a new territory. At the same time, I am sure you will realize I didn't begin thinking about housing, or people's housing needs, or municipal problems related

to housing, on the day I was appointed president of Central Mortgage and Housing Corporation. These issues have been matters of a life-long concern to me. One of the reasons I accepted my present job was that it seemed to present me with an opportunity to continue and deepen my involvement in these issues in a new way -- one that allowed me to participate more directly and effectively in the search for solutions.

And one of the convictions which I acquired in my career as a private developer concerns the critical role which local government must play in the production and equitable distribution of housing built and designed to meet people's needs. In this regard, I share the view, which Mr. Basford has stated repeatedly in recent months, that nothing significant can be accomplished in housing, anywhere in Canada, without the concurrence and involvement of municipal government. All my experience as a developer has reinforced this perception of reality.

The number of housing units that are built, the form which that housing will take, and the quality of life that this housing will provide, are all vitally affected by decisions taken, and procedures devised, by municipal governments. My experience has also made me very much aware of the constraints under which you attempt to fulfill this critical role and I know that a good deal of your time and thought during the past two days has been devoted to ways of improving your

capability of establishing goals, managing resources, developing plans and executing programs.

In a number of important ways, the new programs provided for in the recent amendments to the National Housing Act recognize the central position of municipalities in the planning and provision of housing. As Mr. Basford pointed out not long ago at the tri-level conference in Peterborough, the most effective administration of the Neighborhood Improvement Program and the Residential Rehabilitation Program which is associated with it, will be at the municipal level. These programs are both concerned with a problem which is high among the priorities of many Ontario municipalities -- the preservation and improvement of those areas of cities and towns which represent an essential part of the fabric of community life and which are in danger of destruction and decay. For this purpose, as you know, in areas designated as NIP areas, under the new legislation, we provide grants of up to 50 per cent of the cost of a wide range of neighborhood services and amenities and, in addition, will lend you 75 per cent of the remainder of your costs, not covered by grants. For Residential Rehabilitation, loans of up to \$5,000 are available to property owners, of which half of this amount is forgivable.

These particular programs require direct municipal involvement to be effective, for which we provide grants to compensate for administration costs. They are, by no means, the only areas in which I

see the need for municipal participation -- not simply in administration but in the development and execution of plans. On a number of occasions you have made your point abundantly clear -- and I agree -- that municipal governments must be recognized as key actors in a process of interaction which includes not only the provinces -- who occupy a pivotal position in matters of housing and land use -- but the federal government, private industry and the citizens who are most directly and vitally affected by housing policy and programs.

My other key consideration in accepting this appointment as president of CMHC was the realization that some significant changes were underway in the Corporation and in the legislation under which it operates. I found these new approaches exciting because they are consistent with my personal convictions -- born out of my own experience in creating houses which people need and want.

This conviction is perhaps a simple one but it deserves constant reiteration -- that housing is a highly individual and personal thing, that people's aspirations about the kind of places they live in are infinitely varied, that they change from family to family, from locality to locality, from region to region throughout the country. Standardized, national, monolithic housing programs cannot possibly respond adequately to this variety of demands.

I was very much encouraged by the recent amendments to the National Housing Act which provide not only a new breed of housing programs but, more than ever before, an extensive range of choices in the way in which housing can be delivered -- through Assisted Home Ownership, (which allows personal initiative and free choice), through non-profit corporations and co-operatives or -- where it is the most effective solution -- through new, more humane and socially acceptable public housing projects. I personally favor blended market projects in land and housing.

This range of new programs not only provides alternatives to people about the kind of housing they will occupy and their form of tenure but puts new instruments into the hands of provincial and municipal governments to help them in achieving the particular housing objectives of their constituents. The essence of this approach is flexibility, the ability to use and adapt federal resources to particular local needs and conditions. I hope that future legislation will further emphasize personal and regional choice.

These initiatives are complemented by changes within the Corporation itself -- the decentralization of authority and responsibility away from Ottawa and out into the branch and regional offices, closer to where people live. This shift will not only allow the CMHC staff to respond more quickly and more sensitively to local needs, I expect it

will do something more. I expect that the new, closer relationship between the CMHC staff and local governments will act as a pipeline through which you can feed back your ideas and perceptions about housing conditions and practical measures for improving them, arising out of your unique perspectives. CMHC field offices will be more than simply listening posts. I have charged the CMHC regional staffs with the responsibility of actively seeking out the particular housing needs of localities and regions and feeding this information into the policy-formulating process so that our policies and programs will be as responsive as possible to actual local situations. I feel that, in many ways, all of the governments in Canada have been working in the dark in trying to meet housing needs. Mr. Basford announced in January a national locality-by-locality analysis of actual housing needs, with the participation of all levels of government. I feel this kind of continuing analysis is essential if we are going to get the kind of housing people need where and when they need it. It will be reinforced by the day-to-day personal observation and involvement of our regional and branch office personnel.

I see the new role of CMHC field staff as part of the new and necessary process of interaction among all of the actors on the housing scene.

I believe that one of the most critical questions which you will have to address, as municipal governments, concerns the way in which

you will respond to the growing insistence of citizens to be involved in housing and planning decisions which affect their lives. Believing, as I do, that housing must respond to individual needs, I attach a great deal of importance to this kind of participation and, in various ways, it is encouraged by the new NHA programs. At the same time, I am very much aware of the difficulties, conflicts and constraints which are involved in attempting to make people partners in the process of interaction about housing and planning issues. Frequently, laymen do not have access to sources of information -- in an understandable and usable form -- which will allow them to take part in a knowledgeable and responsible way. Frequently citizens perceive that the only, or the most effective, way of achieving their ends is through direct confrontation with authority in a win-or-lose situation. Getting public attention is important but I don't believe this is the only way in which citizens groups can realize their legitimate aspirations. We, as a housing corporation, would like to work more closely with you in exploring new, more effective, and more rational ways of helping people to articulate their needs. Just as people will have to make themselves more familiar with planning concepts and the planner's language, we as governments, will have learn to speak a "people's language", if we are going to have effective communication and sharing of information.

One of the difficulties, I have learned from my experience, is that people don't really know what they want until they see it -- they

are not aware of all of the possible alternative solutions to problems. We can't really expect laymen to invent technical solutions but they will recognize them when they see them. We will have to identify these options and allow people to participate in the choice, rather than simply presenting them with the chosen option. The new amendments give CMHC more scope and authority to undertake experimental and demonstration projects and the ability to identify alternatives and options. The Corporation, on its own initiative and in co-operation with other governments or the private sector, must illustrate before the public new ways of creating housing, new housing forms, new ways of using land and servicing it and new ways of approaching the planning process. I am hoping that you, as municipal leaders, will be knocking on our door with ideas you want to try out, to expand the available techniques and widen the choice of possible solutions.

I believe it is only by getting everyone involved -- all of the governments and the private sector, including individual citizens -- in a knowledgeable, responsible way, that we are going to make any significant headway with housing problems.

Allow me now to turn to the most urgent and immediate housing problem which we are now facing -- the high and rising cost of housing. As a Corporation we have accepted this challenge as a priority task and we are exploring all of the possible instruments which could be employed to put the lid on costs and push them down.

Certainly interest rates are one of the elements of housing costs and there has been some discussion in recent days about changes in some of CMHC's interest rates. I would just like, for a moment, to put that action into some perspective. Seventy-five per cent of CMHC's budget is in the provision of funds for public housing, low-income housing, land assembly, sewer loans, residential rehabilitation and other low-income programs at the Corporation's preferential interest rate which is now set at 8 per cent. Only about 10 per cent of the budget is for direct lending, at 9 1/2 per cent, in those areas of the country where private mortgage funds are not available. These loans are for the convenience of people who -- if they lived in other parts of the country -- would be able to arrange their financing in the private market. Even this lending rate, at 9 1/2 per cent, is below the market rate charged by lenders in the prime-rate lending areas of the country. The rest of our capital budget is allocated to the Assisted Home Ownership Program. Under this program, lending rates vary according to need but they do go as low as 8 per cent for borrowers who are most in need of help.

Nevertheless, the question of interest rates is being given the most intensive study and we will consider every practical, workable approach which might be used to put housing money in people's hands at reasonable cost. One initiative which is now before Parliament is the Financial Mechanisms bill which is designed to stimulate the flow of

private capital into the residential mortgage market and, by increasing the supply, to put a downward pressure on interest rates.

There are a great many other components in housing costs, including the cost of labor and materials, which are more or less amenable to public control.

I think it is generally recognized, however, that the most critical factor -- and the one on which we may have the most direct influence -- is the cost of residential land. If we are going to make effective every Canadian's right to good housing at an affordable price it is essential to have a land development process -- in fact, a total housing process -- that is stable and responsible. As governments, I feel we have a responsibility to watch each component of cost carefully and devise methods to ensure its integrity. Residential land prices, particularly, should bear some equitable relationship to the costs of land production. When land prices fall out of line -- because of scarcity or other factors -- I see a responsibility for the public sector to take whatever measures will ensure an orderly market.

Mr. Basford, during the federal-provincial housing conference in Ottawa in January, proposed, and received agreement for, a massive intergovernmental intervention in critical land markets to affect prices and encourage managed urban growth. The land assembly provisions of the

National Housing Act, administered by CMHC, have been expanded and improved and are available in support of this kind of intervention.

I was interested to hear that Mr. White, earlier in your conference, indicated that the Ontario Government is likely to permit Ontario Municipalities to get into land banking. I welcome this kind of encouragement and, if such authority is indeed forthcoming, it can be a useful new initiative in the attack of housing costs.

I hope that the current preoccupation with housing and land costs, however, will not distract us from the equally important goal of housing quality. This period of intense activity, with large investments by all governments, should be an opportunity for pursuing qualitative as well as quantitative goals. Our policies and programs should offer incentives for comprehensive land use planning towards the goal, not only of excellent housing, but excellent community environments.

I have, perhaps, taken as much of your time as I should, considering the hour of day. I know, however, there will be other times and other places where we can share our thoughts -- not only in meetings such as this but, I hope, on your own ground. I am determined not to be trapped behind a desk but to get out around the country and talk to people -- and I am going to impress that philosophy on our regional managers as well.

Until we meet again, thank you for the kind way in which you received me today. I am depending on your continuing support in the challenging job I have taken on. I am looking forward to working with you.





Speaking Notes for Mr. R.V. Hession, President
Central Mortgage and Housing Corporation
to
Canadian Association of Housing and Renewal Officials
Fredericton, N.B.
June 28, 1977

Mr. Chairman:

I am very glad to have the opportunity of taking part in your 1977 annual convention and to make some contribution to this year's theme which deals with communication and co-operation among all of the institutions engaged in housing and housing renewal.

I am very much aware of the need for this kind of communication. Providing access to good housing at an affordable cost is such a complex challenge, with so many facets -- social, economic, financial -- that it requires a co-operative and co-ordinated effort by all levels of government, private industry and the professions, and independent voluntary associations such as your own. We at CMHC have always enjoyed a productive relationship with CAHRO and you may count on us to do everything in our power to see that this relationship continues.

There will be a growing need in the next few years for a strong voluntary association of people who are knowledgeable about housing renewal. The critical importance of rehabilitating and preserving housing and residential neighborhoods is becoming more widely recognized every day in Canada and, indeed, throughout the world. I'm sure many of you are familiar with the effect of these trends on the management of housing and neighborhood preservation programs in the United States, the United Kingdom, Western Europe and the Scandinavian countries.

The interest in saving housing and extending its useful life -- instead of tearing it down and building something new -- is reinforced by some of today's most powerful social and economic influences. Rehabilitation and preservation fits squarely within the whole philosophy of the "conserver society" -- the growing recognition of the need to manage our non-renewable resources, the general turning-away from the notion of unlimited growth. Those of you who have supported the principle of preservation for many years are now enjoying the satisfaction of seeing your philosophy become more of a reality.

These trends are just as strong and just as relevant here in Canada as elsewhere in the world. They are an important part of the changing pattern of housing development which is emerging.

Since the end of World War II, and up until recent years, the main concern has been with production, the generation of new housing starts. CMHC was established in 1946 to fill the gap in housing production created by the depression and the war years, to stimulate the creation of housing for returning veterans, and their offspring -- the so-called "baby boom". The production of new housing was a critical problem in those years and has continued to be important.

Many of our National Housing Act programs -- like Mortgage Insurance, Assisted Home Ownership and Assisted Rental -- are intended to encourage new construction. The Federal Housing Action Program has, as one of its main targets, the production of a million new affordable homes in a four-year period.

That is the situation today. Now, let's try to look ahead, a decade or so, into the future. What is likely to happen that will affect our housing needs?

First of all, the rate of population growth is slowing down. The rate has been declining ever since about 1957. For the next decade or so, the population will increase at a rate of about one per cent a year.

That means, among other things, that elderly people are going to represent a higher proportion of our total population.

Attitudes toward marriage and the family are changing. More people are putting off getting married, putting off having children. Young people are leaving home at an earlier age. The result of these trends will be smaller households and more non-family households.

We all know, of course, about the rising cost of fuel and the prospect of depleting energy resources. The energy-crisis will certainly have its effect on housing. It will also affect transportation which, in turn, will affect the pattern of residential development.

As the search continues for new sources of energy and new ways of increasing industrial productivity, the demand for investment capital will increase. That could mean that capital for investment in housing may not be so easy to come by.

We will have to take into account also, of course, the trends in economic growth, levels of employment and income to the extent that we can predict them.

All of these factors, and others, will have a bearing on new house production and upon rehabilitation and preservation activities. By the mid-eighties, for instance, we are going to need less new housing each year -- maybe only 200,000 compared with the recent average of around 250,000. As the demand for new housing lessens, we could expect that the industry would begin to shift its resources to rehabilitating, modernizing and converting existing housing and improving its thermal efficiency.

Increases in gasoline prices would mean that houses in the suburbs, which involve long journeys to work, would become less attractive. Inner-city housing, which is generally older and requiring rehabilitation, would be more in demand. This, of course, would intensify the

problem of preserving a reasonable proportion of inner-city housing for the present lower and middle-income occupants, in face of growing pressure from the affluent "white painters".

The shift to smaller households and the increase in non-family households would also put pressure on older, down-town accommodation in preference to suburban bungalows which are traditionally child-oriented.

A reduction in the economic growth rate, together with an increase in real costs, would heighten the challenge of providing affordable accommodation for all Canadians and would make good rehabilitated housing even more economically attractive.

As all members of this association are well aware, CMHC has two programs which make an important contribution to the rehabilitation and preservation of housing and neighborhoods -- the Residential Rehabilitation Assistance Program (RRAP) and the Neighborhood Improvement Program (NIP).

By the terms of the National Housing Act which brought NIP into being, the program will end in March 1978, unless some action is taken to extend or replace it.

With this in mind -- so that the Government and the Parliament of Canada will have adequate information on which to base their decisions -- we have undertaken a very comprehensive evaluation of the NIP program to date. We

expect that evaluation to be completed this Fall. But, even without the benefit of that kind of detailed assessment, it is quite evident, we believe, that NIP has enjoyed some remarkable successes and has won the support of provincial and municipal governments. The principle of participation by neighborhood residents has worked well in a great many projects and thousands of people have become involved in the planning and restoration of their neighborhoods. It has also become one of the most successfully decentralized of all Federal Government programs. Municipal governments have been heavily involved in the implementation of the program within their jurisdiction and have had a large measure of discretion about how it is managed at the local level. It has been a good example of how tri-level co-operation will work in a practical situation where all of the participants have a shared interest in its success. At the outset of the program some people were of the view that NIP might function well in large urban centres but would never work in small communities. Well, that is something else that NIP has proved -- it has worked in small towns as well as in large cities.

RRAP, on the other hand, is a continuing program and the legislation does not place any time limit on it. I think that is something that should be made very clear. RRAP has been an extraordinarily successful program and there is no thought of shutting it down.

I don't want, of course, to pre-judge the NIP evaluation that is now going on but I will not hesitate to tell you that I am very enthusiastic about NIP and my personal inclination certainly would be to see it continue without interruption. But, in any case, RRAP would continue to be available in existing Neighborhood Improvement areas. People who are worried about getting their RRAP applications approved before the NIP program terminates, or before NIP is fully implemented in their neighborhood have absolutely no cause to be concerned. I recently asked our branch managers to make it perfectly clear to the municipalities that eligibility for RRAP funds does not end with the completion of the local NIP plan. There is simply no way that we can rehabilitate all of the qualified housing in one or two years. After all, many of those buildings have been deteriorating for the last 50 years or more and we can't catch up with that backlog overnight.

I should point out that the availability of federal funds is not the only constraint on the RRAP program. The administration of RRAP is often a very considerable challenge to municipal staffs. We have to develop at a pace that is consistent with these municipal resources. By the same token, the rehabilitation industry in Canada is just in its developing stages in many areas. We would like to see many more contractors getting into the rehabilitation business in a serious and organized way. Not only would they be performing an important public service, I believe there is a substantial business opportunity in this line of work.

I would like your help in getting this message across: we are in the rehabilitation business for the long haul. RRAP is a highly successful program but the demand for assistance is very great. We may not satisfy everyone this year but our rate of production is growing and we will be around until the demand in NIP and specially designated areas has been substantially met.

Incidentally, we have done an analysis of our RRAP activity in 1976 and some of the results are rather interesting.

We made almost 5,800 loans to individuals and just under 2,000 to landlords. The loans to landlords were for the rehabilitation of some 4,500 units. In all, we affected more than 10,361 dwelling units in NIP areas.

The average cost of rehabilitating individual units was just under \$4,000 and, for landlords, nearly \$5,700.

In the case of individuals, however, the RRAP loan covered 92.5 per cent of the cost. Landlords made a bigger contribution to the cost. Their loans covered only about 82 per cent of the total cost. The average loan amount was about \$3,600 for individuals and \$4,600 for landlords. Average forgiveness for individuals was about \$2,600, or 71 per cent of the loan, and for landlords, \$2,600 or about 56 per cent.

One of the interesting facts emerging from our analysis is the age of people applying for RRAP assistance. Generally we are dealing with a clientele that is well into middle age. The average age of individual RRAP applicants in 1976 was 58 years and the average income about \$6,300. The oldest applicants were in B.C., where the average age in 1976 was 63 years. The youngest applicants were in P.E.I., where the average age was 43. Applicants with the lowest average incomes were in Saskatchewan -- about \$5,300. Those with the highest incomes were -- perhaps surprisingly -- in New Brunswick: about \$7,400. We are analyzing all of this data, as part of a general review of RRAP to help us ensure that the program is meeting its objectives and fulfilling the needs of its clients.

As you may remember, we began 1976 with a capital budget of \$25 million for RRAP in NIP projects and other designated urban areas. The program took off so fast, and became so popular, that the budget had to be increased to almost \$45 million. Virtually all of that money was committed before the end of 1976.

The budget for 1977 is just over \$70 million, an increase of about \$25 million over the amount actually committed in 1976. That \$70 million is for RRAP in NIP projects and designated urban areas. There is another \$36.7 million budgetted for rehabilitation in non-profit projects and under the Rural and Native Housing Program.

Rehabilitation assistance will become available for the first time this year for private hostel or dormitory type housing -- the kind of accommodation generally known as "rooming houses". This type of housing has always been eligible where it is owned by a non-profit corporation. It is frequently found in NIP projects and other areas designated for RRAP and, up until now, we haven't been able to help them.

We are confident that the amounts of money we have budgetted for RRAP this year are generally going to be sufficient to meet the practical and realistic requirements of the municipalities. The fact that the Federal Government

has increased our RRAP funding in such a substantial way in a time of economic restraint is, I think, a good indication of the priority assigned to this program. For the same reason, it becomes increasingly important to ensure that the funds that are available are used as effectively as possible to fulfill the program's objectives.

RRAP was established to help preserve good residential neighborhoods, conserve the huge public and private investment in existing housing, and to improve the living standards of people of low and moderate incomes who are occupying substandard housing.

Our main focus, is to attempt to extend the useful life of this kind of housing by about 15 years, principally through basic repair work on the structural elements of the building, the electrical, heating and plumbing system and, particularly in multiple-unit buildings, fire safety.

In fairness, and in the interest of good economy, these objectives should be kept constantly in mind and the program criteria should be vigorously adhered to.

My last word to you should be about the future of residential rehabilitation in Canada. I have already indicated to you that conservation and preservation will become more and more important. Our annual investment in rehabilitation has been growing rapidly. More and more of our housing stock is being rescued from demolition.

That's good, but we should remind ourselves that we must ensure that our rehabilitated and revitalized living places continue to be maintained through a continuous, positive, co-ordinated, strategy.

Members of the Canadian Association of Housing and Renewal Officials, as a professional organization, have an important role to play in the strategy. The planning and management of rehabilitation is a relatively new discipline and its practitioners are often isolated and deprived of the advantages that accrue from a frank and free exchange of experiences with their colleagues. I know that CAHRO is striving to provide that communications link and I want to encourage and support you in that effort. Too often, rehabilitation is seen to be an extra, part-time occupation for someone whose training and interests lie in another direction entirely. I would like you to help us, to emphasize that residential rehabilitation is an important profession, with its own particular skills and insights, and requires the serious, full-time attention of qualified professionals.

Finally, I would like to suggest to you that the work we are all engaged in together has implications that go far beyond NIP and RRAP. I believe that NIP and RRAP are

the beginning of something bigger. Within our mandate under the National Housing Act we will have a very substantial impact on the physical environment of the neighborhood and we will have helped establish the nucleus of a community organization. I would hope that the governments concerned, and private voluntary associations such as your own, could maintain the momentum thus begun and expand the spirit of conservation and renewal to include not only the physical aspects of the community but its social and cultural vitality as well.



Speaking Notes for Mr. R.V. Hession, President,
Central Mortgage and Housing Corporation
to
The Conference Board in Canada,
Toronto, September 22, 1977



I am very pleased to have the opportunity of taking part with you in this Business Outlook Conference. I believe that the Conference Board provides a very useful public service in supporting and encouraging disciplined study of the nation's business -- both public and private.

I hope what I will have to say today will help you sharpen your own outlook for the year ahead, whatever your particular perspective may be. Before I get too deeply into the numbers, however, I should perhaps remind you that, as the housing agency of the Government of Canada, our overall objective is to give all Canadians access to good housing, at a cost they can afford, in a safe and satisfying community environment. By any reasonable measurement -- in terms of either economic or social goals -- I think that we can say we are doing a good job. Working with the private sector, and other levels of government, we have, as you know, consistently exceeded the production goals suggested by the Economic Council, and others.

As for our impact on the quality of housing available to Canadians, we have recently compiled some significant data for the period 1951 to 1974.

During those 23 years, there has been a significant reduction in crowding. The proportion of occupied dwellings with more than one person per room dropped from almost 19 per cent in 1951 to six per cent in 1974.

In 1951, more than 43 per cent of occupied dwellings in Canada had no piped hot and cold water. By 1974 that proportion had been reduced to a little more than four per cent.

The figures are similar for homes without flush toilets -- from about 36 per cent in 1951 to three per cent in 1974. For bathtubs or showers, the numbers are 43 per cent and five per cent.

All of the standard indicators of basic amenities follow a similar pattern which supports the notion that Canadians as a whole are among the best housed people in the world.

At the same time, we have compiled some interesting statistics about the affordability of housing, using 1974 data on expenditure for shelter as a proportion of income.

These figures show that almost 80 per cent of all urban households paid 25 per cent, or less, of their incomes for shelter. These figures include both home-owners and tenants and I should add that expenditures include -- not

just the customary rent or principal and interest payment on the mortgage plus municipal taxes -- but payment for utilities as well. On the same terms, about 15 per cent of all urban households paid in excess of 30 per cent of income. As you might imagine, of this latter group, by far the largest proportion were households in the lowest income category.

I think we could say that, as far as the production of housing is concerned, related to our national requirements, we are now approaching a plateau which will enable us to focus more directly on achieving the right composition of housing starts to meet the needs of Canadians. I would like to focus for a moment, then, on the composition of housing starts, their cost and the role that CMHC plays in affecting both of these factors.

Let us begin with the home purchaser. We are all aware of the escalation in house prices in the early 70's which, compounded by the increase in interest rates, put housing beyond the reach of many Canadians.

An individual with an average family income wishing to purchase an average-priced new home in 1971 had to spend approximately 23 per cent of his annual income on payments for principal and interest. In 1977, with the decline in interest rates of 1 3/4 per cent from

the peak of mid 1976, the proportion stands at around 28 per cent of family income.

The Federal Government's principal instrument in attempting to bring homeownership within the reach of more people with modest incomes is the Assisted Home Ownership Program.

As I am sure many of you know, under this program, purchasers of new homes at prices below specified local limits receive an interest free loan to reduce the effective mortgage interest rate to eight per cent in the first year.

AHOP, in several ways, is one of our most successful programs.

First, it is increasing the proportion of modest-cost housing stock.

Second, it is making homeownership possible for many people who could not otherwise afford it.

Third, it is helping to moderate house-price increases across the whole stock.

Under the traditional market filtering mechanism, most first-time buyers purchase existing houses from owners whose family and incomes are increasing and who are trading-up

to larger and more affluent accommodation. This system, fueled in recent years by rapidly inflating house prices, has resulted in considerable over-housing and has failed to ensure an adequate supply of modest affordable housing for sale.

This problem becomes even more serious in the light of high heating costs and urban sprawl and the current decline in the fertility rate which has reduced demand for space per family. AHOP, by stimulating production of modest cost homes, is bringing the housing stock more into line with current needs and realities.

With regard to the impact on house prices: Last year we approved 38,000 loans under the program. This year we project in excess of 30,000 loans will be approved. The AHOP program both by stimulating the production of new housing for ownership, and by providing an attractive alternative to the purchase of bigger and more expensive existing housing, is drawing demand from the resale market.

The existing owner, confronted with a soft market, is being forced to be more realistic in the asking price and his expectation of quick profit.

We welcome a return to the days when a house purchase was a sensible investment decision rather than a speculative plunge for a quick capital gain and AHOP is supporting that trend. On several fronts, AHOP is helping to provide the right kind of housing at the right kind of cost for many Canadians.

Aside from ownership costs, the other problem that has arisen in the 70's has been the low level of construction of housing for rental. The causes have been varied. In a way, it can be viewed as part of a long-term cycle. Vacancy rates were high in 1970 and 1971 and the low demand pressures resulted in rent increases lagging behind costs. At the same time, interest rates and labour and materials costs soared, creating serious cash flow problems in the early years for rental entrepreneurs. These problems were exacerbated for many investors when in 1971, they were no longer permitted to charge capital cost allowances against income from other sources.

The result was a sharp cut-back in investment in rental construction. This occurred alongside another development -- the advent of the condominium. With the surge in homeownership demand, and a corresponding escalation in prices, builders found it more profitable to build condominiums than rental units.

In 1974, the Federal Government temporarily restored the capital cost allowance on new construction. This stimulus was reinforced in November of 1975 with the introduction of the Assisted Rental Program (ARP) which provided loans -- free of interest for 10 years -- to owners who were prepared to provide modest rental accommodation at agreed rents. ARP is a tool to assist the landlord through the early years of the mortgage when the cash flow problem is most severe.

The combination of ARP and the capital cost allowances has been extremely effective in stimulating rental construction in spite of the existence of rent controls. In my own view, these two instruments are essential if we are to continue to improve our vacancy rates and fulfill this important segment of our total housing needs.

For 1977, we predict in the region of 245,000 starts. This implies a very strong finish to the year. We expect this surge to be concentrated in multiples and I shall explain why later. First, I would like to discuss the outlook for single detached starts.

We entered the year with high inventories of single detached units following single starts of 134,000 in 1976. Demand for new and resale units last year was low. Purchasers were aware that the accelerated rate of increases in prices of land and housing which we experienced in recent years could not continue. They were unwilling to go to the limit of their financial resources, particularly in view of wage controls, reduced inflationary expectations, and the possibility of declining interest rates. Many people felt that they had missed out on the price boom, that prices were stabilizing or even declining, and that they would wait and see what happened. AHOP was an additional factor. As I mentioned earlier, AHOP was diverting demand from resale properties and existing owners were unable to sell their homes at the prices they were asking and consequently had to defer purchase of new singles.

Inventories of singles and duplexes consequently rose continuously from March 1976 to March 1977. Builders acted to bring inventories down to normal levels by reducing starts of single units and seasonally adjusted single detached starts in urban areas declined continuously

on a quarterly basis for five quarters from a peak of 97,000 in the fourth quarter of 1975 to a trough of 66,900 in the first quarter of 1977. Thus at the end of the first quarter of this year while inventories of completed and unoccupied units were still high, the volume of units under construction was sharply down. In addition, interest rates had declined from a high of near 12 per cent in mid-1976 to 10 to 10 1/4 per cent by March of this year. In terms of mortgage payment of principal and interest, the interest rate reduction meant about \$50 a month less on a \$40,000 mortgage.

The interest rate reduction acted as a stimulus to both demand and supply of new residential construction and as a strong stimulus to demand for resale properties. Builders thus increased starts sharply in the second quarter. At the same time the low volume of singles in the final stages of construction meant a low level of completions in the second quarter. Inventories of completed and unoccupied singles began to edge down throughout the second quarter. While inventories of single units are still high by historical standards, the absorption rate is healthy and the latest reports on loan approvals suggest

that builders are optimistic. We expect healthy -- but not high -- levels of single starts for the remainder of the year. Single-detached starts will probably total around 110,000 for the year compared with 134,000 last year.

Now let us look at multiple-unit housing. The most significant feature this year -- and a very welcome one -- has been the strength in rental starts. As I pointed out earlier, builders have responded strongly to the combination of the capital cost allowance and the Assisted Rental Program. NHA rental approvals as of mid-August this year, totalled 33,000 compared with only 12,000 for the corresponding period of last year. Demand from investors and builders still remains high.

One reason for the exceptional strength in rental approvals is concern by investors that capital cost allowances, which are due to expire at the end of this year, might not be extended. Unless there is an announced decision by the Department of Finance that the special capital cost allowance provisions will be extended, we expect a surge in rental starts in the last part of this year as builders attempt to get units started, and

thus obtain their certificates, before the end of the year. We believe this would result in starts of multiple units reaching about 135,000 -- approximately the same level as last year -- bringing total starts to about 245,000 for the year.

Again, this forecast depends to some extent on the Government's intentions regarding capital cost allowances.

Where does this leave us for next year? Well, there are two factors which lead us to believe that starts in 1978 will not reach this year's levels. First, rental starts will probably be reduced because the increase in production in 1977 has caused softening in some markets.

Second, we will be entering 1978 with inventories of single units still relatively high and starts will be determined to some extent by demand. The recent sharp declines in immigration will act as a further constraining factor on starts. With immigration now heavily conditional on the obtaining of employment, and with the current high unemployment rate, total immigration is likely to continue at low levels. Immigration in the first quarter of this year was at an annual rate of around 120,000. This compares to total immigration of 149,000 in 1976 which was itself well down from the peak of 218,000 in 1974.

Taking all of these factors into consideration, we believe that starts will be in the region of 230,000 in 1978. If the capital cost allowance were extended, we feel that starts would be nearer 240,000.

That, in very broad strokes, is our own perceptions of the housing outlook for Canada for the balance of 1977, and for 1978. I thank you again for the opportunity of speaking to you.

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THE FUTURE OF HOUSING RESEARCH IN CANADA
REMARKS BY THE HONOURABLE ANDRE OUELLET,
MINISTER OF STATE FOR URBAN AFFAIRS,
TO THE INSTITUTE OF URBAN STUDIES,
UNIVERSITY OF WINNIPEG, JULY 20, 1978

I would like to begin my brief remarks today by congratulating Lloyd Axworthy and all the other people who have worked so hard to establish the Institute of Urban Studies. There is no doubt that the Institute is unique in Canada. It is a model of professionalism in research combined with an active commitment to community improvement which I would like to see copied elsewhere.

The main subject I want to discuss with you today should not be a surprise: it is the future of housing and community research in Canada.

First of all, I believe strongly that governments and researchers outside of government can work together effectively. There are many instances of creative collaboration between the two in the past.

However, we can improve the ways in which we build up a body of housing and community knowledge.

In strengthening researcher - government cooperation we need to bear four things in mind.

First, governments and researchers need to have realistic expectations about what research can and cannot do. Difficult social, economic, and political

problems do not lend themselves to hard and fast answers. Research cannot be expected to substitute for the political process itself. But, study can be critical in order to illuminate problems, determine magnitudes and point to options.

Second, real people are living their daily lives now; we politicians must respond to their needs on the basis of the best information at hand. Those who genuinely wish to influence the policy-making process -- and your Institute is a prime example -- know that research results must be pointed and timely to be grasped and put to work.

Third, we have a much larger number of organizations and individuals working in housing and related fields today than we did a decade ago. But our pool of trained and committed talent is still a small one. Efforts should be concentrated and targetted to produce the critical mass needed for in-depth work. Conversely, there should be a continuous survey of relevant activity in other fields and other countries to stay at the leading edge of understanding and to avoid duplication.

Fourth, governments and non-governmental researchers need to continue and expand their efforts to maintain effective links with each other, recognizing that each has a different role to play. For the most part, the ways of maintaining these links are simple and straightforward. They include informal meetings such as the one you have invited me to today; they include sabbaticals and other interchanges of people between

governments and universities, such as those financed under CMHC's fellowship program; they include a few simple techniques for regularly letting each other know what we are doing.

We can do much to build on what is positive from the past and to extend and strengthen the relationships which already exist.

Today, I would like to announce four concrete, practical steps which are being taken by the Central Mortgage and Housing Corporation to improve the operation of research support under Part V of the National Housing Act.

First, the Corporation will provide to all those interested in housing and community research an annual statement of its research priorities for the year. The statement will be in sufficient detail that students, faculty, and others can relate their own interests to it, or can challenge it and suggest alternatives. This step simultaneously helps with each of the considerations I have mentioned. The research priorities will be based on an appreciation of what is researchable and what is not; they will offer guidance as to timeliness and relevance of research topics chosen; they will help to focus efforts on a limited but not artificially restricted list of issues; they will foster improved government/researcher linkages.

I should note in reference to this action, that many of your own projects anticipate these priorities. For example those on displacement and relocation and on a

conservation strategy for older residential neighbourhoods.

I am pleased to release to you today copies of this priorities statement, which will be sent out to others in the housing and community research field as well.

Turning now to the second action, the Corporation will make much more use of the various research bulletins now published across Canada to let people know about its work. CMHC has already taken steps to let governmental people know about work underway. Complementary measures are needed for those outside of government.

Third, the Corporation will expand its use of deposit libraries across Canada in order to make readily available as soon as technically possible the results of research which has been commissioned by it. Where studies of contentious current policy issues have been undertaken, the findings and conclusions of the research will be released separately from recommendations which form a part of the internal policy process. The Institute of Urban Studies will, needless to say, be one of the automatic recipients of this deposit material.

Fourth, the Corporation will publish periodic comprehensive reviews of large housing and community topics of importance for policy-making; these will allow researchers to judge for themselves what has been accomplished and where the remaining gaps in knowledge are. The first such review, on the conservation and distribution of the housing stock, will be available by this autumn.

None of the things I have said marks a departure from current policy. We intend to make the most effective use of public funds for housing research by directing it to priority problems of policy and operational concern. But I believe you will agree that all of these actions will contribute to a climate of greater confidence for external researchers and research bodies.

I would like to close by saying once again how much I admire your goals, your community-oriented approach, and your productivity. Keep up the good work.

17-7-78

Remarks by the Honourable André Ouellet

Discours de l'honorable André Ouellet

Minister of State
for Urban Affairs

ministre d'État
chargé des Affaires urbaines

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ADDRESS BY THE HONORABLE ANDRE OUELLET
MINISTER OF STATE FOR URBAN AFFAIRS

THE ASSOCIATION OF ONTARIO HOUSING
AUTHORITIES
10TH ANNUAL CONVENTION
OTTAWA, ONTARIO
SEPTEMBER 12, 1978



Central Mortgage
and Housing
Corporation

Société centrale
d'hypothèques
et de logement

Ministry of State
Urban Affairs
Canada

Ministère d'État
Affaires urbaines
Canada

National
Capital
Commission

Commission
de la Capitale
nationale

I AM PLEASED TO HAVE THIS OPPORTUNITY TO SPEAK TO YOU TODAY, BECAUSE THERE HAVE BEEN A NUMBER OF DEVELOPMENTS RECENTLY IN THE FIELD OF HOUSING -- ESPECIALLY SOCIAL HOUSING -- THAT I KNOW YOU WILL WANT TO LEARN MORE ABOUT.

YOU MAY RECALL THAT A FEW MONTHS AGO I ANNOUNCED NEW FEDERAL INITIATIVES THAT GAVE NEW DIRECTION TO SOME OF THE HOUSING PROGRAMS ADMINISTERED BY CENTRAL MORTGAGE AND HOUSING CORPORATION. THIS STEP WAS FOLLOWED LAST WEEK BY A FURTHER ANNOUNCEMENT REGARDING REDUCTIONS IN CAPITAL COMMITMENTS TO A NUMBER OF HOUSING PROGRAM.

THESE STEPS ARE RELATED -- IN FACT, THE REDUCTION IN CAPITAL COMMITMENTS IS A LOGICAL FOLLOW-UP TO THE PROGRAM CHANGES -- AND ARE BASED IN OUR POLICY OF MAKING GREATER USE OF PRIVATE RATHER THAN PUBLIC FUNDS IN HOUSING.

WITH REGARD TO THE CUTS IN CAPITAL COMMITMENTS, I WANT TO ASSURE YOU FIRST THEY WILL NOT AFFECT THE PRODUCTION OF LOW-INCOME HOUSING. GENEROUS FEDERAL SUBSIDY FUNDS WILL STILL BE AVAILABLE IN FACT, A SUBSTANTIAL INCREASE OF SUBSIDY FUNDS WILL BE AVAILABLE TO SUPPORT SOCIAL HOUSING, WHILE PRIVATE INVESTMENT FUNDS WILL BE USED WHEREVER POSSIBLE IN ORDER TO PRESERVE PUBLIC CAPITAL. I ANTICIPATE THAT THE CAPITAL FUNDING FOR NATIONAL HOUSING ACT LENDING PROGRAMS WILL BE PROVIDED BY PRIVATE LENDERS.

IN CONNECTIONS WITH THIS NEW APPROACH -- AND IN ORDER TO ENCOURAGE MORE PRIVATE INVESTMENT IN HOUSING -- I WILL SHORTLY BE SEEKING LEGISLATION TO ALLOW US TO EXTEND THE BENEFITS OF NHA MORTGAGE INSURANCE TO A WIDER MARKET.

THE PRODUCTION OF LOW-INCOME HOUSING WILL NOT BE AFFECTED BY THE REDUCTION IN FEDERAL CAPITAL COMMITMENTS. THE NEW INITIATIVES ANNOUNCED A FEW MONTHS AGO PROVIDED A NEW APPROACH TO THE ASSISTANCE AVAILABLE THROUGH CMHC FOR PROVINCES AND MUNICIPALITIES IN THE PROVISION OF LOW-INCOME HOUSING. PUBLICLY-OWNED, NON-PROFIT CORPORATIONS WILL OBTAIN CAPITAL FUNDING FOR LOW-INCOME PROJECTS FROM PRIVATE LENDERS, WHILE ASSISTANCE FROM THE FEDERAL GOVERNMENT WILL TAKE THE FORM OF INTEREST-REDUCING GRANTS TO OFFSET OPERATING LOSSES.

THESE GRANTS WILL REDUCE THE INTEREST PAID BY THE PUBLIC NON-PROFIT CORPORATIONS TO AS LITTLE AS ONE PER CENT IN THE CASE OF A 90 PER CENT MORTGAGE, OR TO TWO PER CENT ON A LOAN FOR THE FULL AMOUNT. IN EACH CASE, A 35-YEAR AMORTIZATION IS ASSUMED.

WHEN THE NEW INITIATIVES WERE ANNOUNCED, WE DID BUDGET SOME FUNDS FOR DIRECT LOANS TO PROVINCES THIS YEAR AND NEXT AS THE OLD PROGRAM WAS PHASED OUT. THESE ALLOCATIONS WILL NOW BE REDUCED BY \$21 MILLION FOR THIS YEAR, BUT THERE WILL STILL BE NEARLY \$150 MILLION AVAILABLE FOR PROVINCES WHICH PREFER TO CONTINUE USING THE CONVENTIONAL FEDERAL/PROVINCIAL PROGRAM UNTIL THE END OF THIS YEAR. WE HAVE SIMPLY SPEEDED UP THE CONVERSION FROM PUBLIC TO PRIVATE FINANCING.

THE INITIATIVES OF A FEW MONTHS AGO ALSO INTRODUCED A NEW APPROACH TO THE PROVISION OF HOUSING THROUGH PRIVATE NON-PROFIT HOUSING CORPORATIONS AND CO-OPERATIVES. THEY WILL ALSO BE ENCOURAGED TO OBTAIN THEIR FUNDING ON THE PRIVATE MARKET, WITH CMHC PROVIDING INTEREST-REDUCING GRANTS TO OFFSET OPERATING LOSSES. THERE ARE FEW IMPORTANT DIFFERENCES HOWEVER.

FOR BOTH NON-PROFIT GROUPS, START-UP FUNDING TO A MAXIMUM OF \$75,000 INSTEAD OF THE PREVIOUS MAXIMUM OF \$10,000, CAN NOW BE MADE AVAILABLE FOR PRELIMINARY WORK LEADING TO A PROPERLY PREPARED LOAN APPLICATION. THE START-UP FUNDS CAN COVER ORGANIZATION, INCORPORATION, SITE SELECTION, PROFESSIONAL FEES AND SIMILAR PREPARATORY COSTS.

FUNDS AVAILABLE FOR LENDING TO CO-OPERATIVES WILL REMAIN UNCHANGED IN 1978, BUT ALLOCATIONS FOR PRIVATE NON-PROFIT CORPORATIONS WILL BE REDUCED BY \$17 MILLION BECAUSE THE FINANCING IS AVAILABLE FROM PRIVATE LENDERS.

BEGINNING IN 1979, ALTHOUGH THE SUBSIDY ARRANGEMENTS WILL CONTINUE, BOTH PRIVATE NON-PROFIT CORPORATIONS AND CO-OPERATIVES WILL BE REQUIRED TO OBTAIN THEIR LOANS FROM PRIVATE LENDERS. NHA INSURANCE UNDER THE NEW LEGISLATION I AM SEEKING WILL COVER 100 PER CENT OF THE APPRAISED VALUE OF PROJECTS.

IN THE PAST, BOTH PUBLIC AND PRIVATE NON-PROFIT HOUSING SPONSORS HAVE CONCENTRATED HEAVILY ON THE DESIGN AND CONSTRUCTION OF NEW HOUSING. THIS HAS OFTEN TENDED TO KEEP COSTS HIGH AND TO SOME EXTENT HAS HAMPERED THE PROVISION OF FAMILY HOUSING. I BELEIVE THAT LOW-INCOME HOUSING SPONSORS WOULD BE WISE TO CONSIDER SERIOUSLY THE ''BEST BUY'' PRINCIPLE, AND LOOK TOWARDS EXISTING HOUSING FOR THEIR CLIENTS RATHER THAN THINK ONLY IN TERMS OF NEW STRUCTURES.

THE PURCHASE OF THE CURRENT STOCK OF PRIVATE BUILDERS, SOUND UNITS FROM THE OLDER EXISTING STOCK, AND EVEN THE ACQUISITION AND REHABILITATION OF DWELLINGS REQUIRING SUBSTANTIAL REPAIR SHOULD ALL BE REGARDED AS A NORMAL MEANS OF PROVIDING GOOD SUBSIDIZED HOUSING ON A RENT-TO-INCOME BASIS.

OUR INTEREST IN THE CONSERVATION OF EXISTING HOMES WAS AMPTLY DEMONSTRATED A FEW YEARS AGO WHEN WE INTRODUCED THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM, BETTER KNOWN AS RRAP. THIS PROGRAM PROVIDES FUNDS TO HOME-OWNERS AND LANDLORDS TO RESTORE DWELLINGS TO ACCEPTABLE STANDARDS OF SAFETY AND HEALTH. DEPENDING ON INCOME, A PROPORTION OF THOSE LOANS MAY BE FORGIVEN AND NEED NOT BE PAID BACK. THIS PROGRAM IS VERY POPULAR AND THE DEMAND IS SUCH THAT THE GOVERNMENT ALONE CANNOT MEET ALL THE NEEDS. THEREFORE THE PROGRAM WILL BE CHANGED TO MAKE GOVERNMENT LOANS AVAILABLE ONLY TO HOME-OWNERS. LANDLORDS WILL BE ASKED TO OBTAIN THEIR FUNDS FROM PRIVATE SOURCES. IN THIS CASE, AS WELL, LEGISLATION WILL BE SOUGHT TO ENABLE PRIVATE RRAP LOANS TO LANDLORDS TO BE INSURED. THE RRAP FORGIVENESS FUNDS WILL CONTINUE TO BE AVAILABLE.

THE INITIATIVES OF A FEW MONTHS AGO MADE RRAP MUCH MORE EASILY AVAILABLE, REMOVING THE RESTRICTION THAT IT BE CONFINED ONLY TO AREAS THAT WERE DESIGNATED FOR ASSISTANCE UNDER THE NEIGHBORHOOD IMPROVEMENT PROGRAM.

NIP HAS NOW, IN EFFECT, BEEN ABSORBED IN A NEW, GLOBAL APPROACH TO THE PROVISION OF FUNDS FOR A WIDE RANGE OF COMMUNITY SERVICES.

FOR A NUMBER OF YEARS THE FEDERAL GOVERNMENT HAS DEVELOPED ASSISTANCE TO PROVINCES AND MUNICIPALITIES FOR NEIGHBORHOOD IMPROVEMENT, FOR THE TREATMENT OF WATER AND SEWAGE, AND TO ENCOURAGE THE CONSTRUCTION OF MODERATELY-PRICED, MEDIUM-DENSITY HOUSING. THIS ASSISTANCE HAS NOW BEEN EXPANDED AND CONSOLIDATED IN A GENERAL COMMUNITY SERVICES GRANT PROGRAM.

THIS NEW APPROACH IS INTENDED TO GIVE PROVINCES AND MUNICIPALITIES MORE FLEXIBILITY IN THE WAY FEDERAL FUNDS ARE APPLIED, AND WILL ENSURE THAT FEDERAL ASSISTANCE IS MORE RESPONSIVE TO LOCAL NEEDS AND PRIORITIES.

THE FUNDS WILL BE ALLOCATED TO EACH PROVINCE, AND BY THE PROVINCES TO THE MUNICIPALITIES, ACCORDING TO AN AGREED-UPON FORMULA THAT WILL ENSURE THAT THEY ARE APPLIED EFFECTIVELY AND EQUITABLY.

WE FEEL THAT THE GRANT PROGRAM IS A MORE EFFECTIVE AND EQUITABLE WAY OF DISTRIBUTING FEDERAL ASSISTANCE. ANOTHER IMPORTANT CONSIDERATION IS THAT WE EXPECT THE PROGRAM TO BE A SIGNIFICANT GENERATOR OF EMPLOYMENT. WE LOOK FORWARD TO SUCCESSFUL JOINT VENTURES WITH PROVINCES AND MUNICIPALITIES WHICH WILL CONTRIBUTE SIGNIFICANTLY TO IMPROVING AND INCREASING COMMUNITY SERVICES AVAILABLE TO OUR CITIZENS THROUGHOUT THE LAND

A YEAR AND A HALF AGO, AS YOU PROBABLY KNOW, THE FEDERAL AND PROVINCIAL MINISTERS OF HOUSING COMMISSIONED A STUDY ON THE SUPPLY AND COST OF SERVICED LAND IN CANADA. THE CHAIRMAN, MR. DAVID GREENSPAN, PRESENTED THIS MORNING HIS REPORT TO THE PUBLIC. IN ACCORD WITH THE FINDINGS OF THE GREENSPAN REPORT, CMHC WILL CEASE MAKING LOANS TO PROVINCES AND MUNICIPALITIES FOR THE ACQUISITION OF LAND. ITS ACTIVITY IN THIS AREA WILL BE RESTRICTED TO FINANCING SERVICES FOR LANDS ALREADY HELD UNDER FEDERAL/PROVINCIAL PARTNERSHIPS. THIS ACTION WILL RESULT IN THE ELIMINATION OF ANOTHER \$43 MILLION OVER THIS YEAR AND NEXT.

THERE WERE OTHER REDUCTIONS OF A MORE MINOR NATURE, BUT I HAVE MENTIONED THOSE THAT WILL BE OF MOST INTEREST TO YOU.

I WOULD LIKE TO EMPHASIZE THAT PEOPLE IN THE GREATEST NEED -- THE POOR, THE ELDERLY, THE SICK AND OTHERS WHO CANNOT FEND FOR THEMSELVES IN MEETING THEIR HOUSING REQUIREMENTS -- WILL NOT BE ADVERSELY AFFECTED BY THE NEW APPROACHES TO THE PROVISION OF HOUSING OR THE BUDGET REDUCTIONS. THE FEDERAL SUBSIDIES DESIGNED TO HELP THESE PEOPLE REMAIN UNCHANGED.

ALL THAT IS CHANGED IS THAT THE INVESTMENT FUNDS REQUIRED TO BUILD THEIR HOUSING WILL NOW COME FROM PRIVATE RATHER THAN FROM PUBLIC SOURCES, AND WE WILL ENCOURAGE THIS SHIFT BY INCREASING THE AVAILABILITY OF NHA MORTGAGE INSURANCE. I'M SURE YOU WILL AGREE THAT THAT IS THE WAY TO MAKE THE MOST ECONOMICAL USE OF OUR NATIONAL FINANCIAL RESOURCES -- USING PRIVATE MONEY WHEREVER IT CAN BE EFFECTIVELY EMPLOYED AND CONSERVING PUBLIC FUNDS FOR INITIATIVES THAT CAN BE UNDERTAKEN ONLY BY GOVERNMENT.

I MIGHT ADD THAT OUR CONVERSATIONS WITH PRIVATE LENDERS INDICATE THAT PUBLIC AND PRIVATE NON-PROFIT GROUPS AS WELL AS CO-OPERATIVES WILL BE ABLE TO FIND THE MONEY THEY NEED, PARTICULARLY WHEN THE LOANS ARE COVERED BY NHA MORTGAGE INSURANCE. THE SUPPLY OF MORTGAGE MONEY IS GOOD JUST NOW AND IS LIKELY TO REMAIN SO FOR SOME TIME. ONE ONLY HAS TO REMEMBER RECENT STATEMENTS BY BANK OFFICIALS WHO INDICATE THAT THE BANKS WISH TO EXPAND AND BECOME THE DOMINATING FORCE IN MORTGAGE LENDING IN CANADA. TRUST COMPANIES, LIFE INSURANCE COMPANIES, CREDIT UNIONS AND OTHER LENDING INSTITUTIONS HAVE ALSO INDICATED TO US THEIR DESIRE TO EXPAND THEIR OPERATIONS IN THE FIELDS WE HAVE OPENED TO THEM.

OUR REVISED APPROACH TO THE FEDERAL ASSISTANCE PROVIDED TO PROVINCIAL AND MUNICIPAL NON-PROFIT HOUSING AGENCIES HAS FIVE OVER-ALL OBJECTIVES.

THE FIRST IS , OF COURSE, TO ENSURE THAT ENOUGH LOW-INCOME HOUSING IS PRODUCED IN EVERY PROVINCE EACH YEAR TO MEET CURRENT NEEDS. IN ADDITION, WE WANT TO ELIMINATE THE DUPLICATION AND OVER-LAPPING OF RESPONSIBILITIES BETWEEN THE FEDERAL AND PROVINCIAL GOVERNMENTS, PARTICULARLY IN THE MANAGEMENT OF SHARED-COST PROGRAMS. AS PART OF THIS PROCEDURE, WE WANT TO TRANSFER TO EACH PROVINCE THE RESPONSIBILITY FOR PROJECT REVIEW AND THE APPROVAL PROCESS.

ANOTHER OBJECTIVE, AS I ALSO MENTIONED EARLIER, IS TO PROVIDE FOR THE FULLEST POSSIBLE USE OF CAPITAL FROM THE PRIVATE SECTOR IN ORDER TO REDUCE THE DEMAND ON GOVERNMENT FUNDS.

FURTHER, WE WANT TO ENCOURAGE THE PROVINCES TO GIVE MORE "DEEP DOWN" HELP -- THAT IS, PROVIDE RENTAL ASSISTANCE TO THOSE FAMILIES AND INDIVIDUALS WHO ARE MOST IN NEED OF HELP.

FINALLY, OUR OBJECTIVE IS TO GIVE PROVINCES GREATER FLEXIBILITY IN HOW THEY USE FEDERAL FUNDS SO THAT THE PLANNING AND ADMINISTRATION OF PROJECTS IS MORE LOCALIZED, AND THEREFORE TAILORED TO BEST FILL THE NEEDS OF EACH COMMUNITY.

OUR NEW APPROACH TO LOW-INCOME HOUSING IS, I BELIEVE, FAR MORE SATISFACTORY THAN PREVIOUS ARRANGEMENTS, FROM THE STANDPOINT OF BOTH EFFECTIVENESS AND ECONOMIC RESTRAINT.

THERE ARE ONE OR TWO OTHER GENERAL OBSERVATIONS I WOULD LIKE TO MAKE ABOUT SOCIAL HOUSING. THERE ARE TWO QUITE VALID CRITICISMS THAT ARE OFTEN MADE ABOUT OUR APPROACH TO THE PROVISION OF HOUSING FOR LOW-INCOME PEOPLE.

THE FIRST IS THAT PUBLIC HOUSING PROJECTS OFTEN RESULT IN A HEAVY CONCENTRATION OF VERY LOW-INCOME PEOPLE IN ONE LOCATION. AS YOU KNOW, THIS TENDS TO CREATE PROBLEMS WITHIN BOTH THE PROJECT AND THE NEIGHBORHOOD. ANOTHER SOLUTION WOULD BE TO HAVE A MUCH WIDER RANGE OF INCOME GROUPS IN SUBSIDIZED HOUSING. IF RESTRICTIONS ON TENANT SELECTION WERE RELAXED TO SOME DEGREE, WE WOULD HAVE A WIDER AND MORE SOCIALLY REPRESENTATIVE GROUP IN HOUSING PROJECTS, AND THE PROBLEM OF NEIGHBORHOOD ACCEPTANCE WOULD BE DIMINISHED TO AN IMPORTANT EXTENT.

THIS PHILOSOPHY IS REFLECTED IN THE RENT SUPPLEMENT PROGRAM, WHEREBY THE FEDERAL AND PROVINCIAL GOVERNMENTS SHARE THE COST OF MAKING A PROPORTION OF UNITS AVAILABLE IN CONVENTIONAL HOUSING PROJECTS FOR PEOPLE WITH LOW INCOME. WE ARE ADVOCATING THAT PROVINCIAL CORPORATIONS MAKE MUCH WIDER USE OF THE RENT SUPPLEMENT PROGRAM, BUT SO FAR IT HAS NEVER BEEN FULLY UTILIZED IN THE PROVISION OF SUBSIDIZED HOUSING.

A SECOND IMPORTANT CRITICISM RELATES TO THE FIXED FEDERAL/ PROVINCIAL COST-SHARING OF SUBSIDIES, SINCE PROVINCES ARE NOT EQUALLY CAPABLE OF PROVIDING THEIR SHARE OF THE COSTS. CLEARLY, ANY NEW APPROACH HAD TO BE DESIGNED TO ACCOMMODATE THE DIFFERING ABILITIES OF PROVINCES TO CONTRIBUTE TO SOCIAL HOUSING AND THE DIFFERING INCOMES OF PEOPLE.

I MENTIONED EARLIER THAT WE ARE CURRENTLY INVOLVED IN NEGOTIATIONS WITH THE PROVINCES CONCERNING THE NEW APPROACH TO SOCIAL HOUSING. I WOULD LIKE TO EMPHASIZE, THOUGH, THAT PROVINCIAL GOVERNMENTS ARE IN AGREEMENT WITH THE ESSENTIAL APPROACH AS WELL AS THE PRIORITIES.

Remarks by
the Honourable
André Ouellet

Discours de
l'honorable
André Ouellet

Minister of State
Urban Affairs

ministre d'État
chargé des Affaires urbaines

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ADDRESS BY THE HONORABLE ANDRE OUELLET
MINISTER OF STATE FOR URBAN AFFAIRS

TO THE

ANNUAL MEETING, HUDAC

FEBRUARY 19, 1979



THANK YOU FOR YOUR KIND INVITATION TO SPEAK HERE TODAY. I AM ALWAYS PLEASED TO HAVE THE OPPORTUNITY TO TALK ABOUT HOUSING TO MEMBERS OF HUDAC BECAUSE YOU ARE THE PEOPLE WHO TRANSFORM FEDERAL HOUSING POLICIES AND PROGRAMS INTO THE HOMES THAT CANADIANS LIVE IN. THERE HAS ALWAYS BEEN A CLOSE AND EFFECTIVE WORKING RELATIONSHIP BETWEEN YOUR ASSOCIATION AND CENTRAL MORTGAGE AND HOUSING CORPORATION, AND IT IS THE PEOPLE OF CANADA WHO HAVE BENEFITTED THE MOST FROM THAT RELATIONSHIP.

I HAVE STATED MANY TIMES, AND I HAVE NO HESITATION IN DOING SO AGAIN, THAT CANADIANS, BY ANY STANDARDS, ARE AMONG THE BEST-HOUSED PEOPLE IN THE WORLD.

THIS IS NOT JUST CONJECTURE, IT IS FACT, AS INDICATED LAST OCTOBER WHEN A GALLUP POLL ACROSS CANADA SHOWED THAT MORE THAN 85 PER CENT OF ALL CANADIANS WERE SATISFIED WITH THEIR HOUSING. EVEN IN THE ATLANTIC REGION, WHERE ECONOMIC PROBLEMS ARE MOST SEVERE, MORE THAN 78 PER CENT OF THE PEOPLE WERE SATISFIED WITH THEIR HOUSING.

THIS RESPONSE WAS GIVEN CONSISTENTLY BY PEOPLE OF ALL AGES, IN ALL ECONOMIC GROUPS, AND IN ALL PARTS OF THE COUNTRY. WITHOUT QUESTION, THE MAJORITY OF CANADIANS ARE SATISFIED WITH THEIR HOUSING.

THIS HAS BEEN ACCOMPLISHED NOT BY A SINGLE BODY, BUT BY MANY. THE BUILDING INDUSTRY HAS PLAYED A CRITICAL ROLE, NOT JUST BY PUTTING UP HOUSES, BUT BY SETTING AND MAINTAINING STANDARDS OF QUALITY, DESIGN AND WORKMANSHIP THAT ARE UNSURPASSED ANYWHERE. SIGNIFICANT AND VITAL ROLES HAVE BEEN PLAYED, TOO, BY FINANCIAL INSTITUTIONS AND BY ALL LEVELS OF GOVERNMENT.

THE FEDERAL WORKING PHILOSOPHY IN HOUSING HAS ALWAYS BEEN TO ASSIST PRIVATE ENTERPRISE IN FILLING THE SHELTER AND COMMUNITY NEEDS OF CANADIANS. WE CANNOT BUILD HOUSES, BUT WE CAN AND DO PROVIDE THE DIRECTION AND THE INCENTIVES THAT HELP TO ENSURE THAT THE RIGHT HOUSING IS BUILT FOR THE RIGHT NEEDS.

FEDERAL HOUSING POLICIES AND PROGRAMS HAVE ALWAYS BEEN DEVELOPED IN RESPONSE TO THE NEEDS THAT PREVAILED AT ANY GIVEN TIME. AS MARKET AND ECONOMIC CONDITIONS CHANGE,

AS THE WANTS, THE NEEDS AND EVEN THE TASTES OF THE CANADIAN PEOPLE CHANGE, SO DOES THE FEDERAL APPROACH TO HOUSING. ONLY BY RESPONDING REALISTICALLY TO CHANGE CAN CMHC CONTINUE TO FILL A USEFUL AND EFFECTIVE ROLE AS A NATIONAL HOUSING AGENCY.

I MENTIONED EARLIER THAT CANADIANS ARE AMONG THE BEST-HOUSED PEOPLE IN THE WORLD, BUT THAT DOES NOT MEAN THAT WE ARE WITHOUT HOUSING PROBLEMS. MANY CANADIANS ARE NOT WELL-HOUSED, AND IT IS AN URGENT CONCERN OF THE FEDERAL GOVERNMENT THAT WE DIRECT OUR EFFORTS AND RESOURCES TOWARDS IMPROVING LIVING CONDITIONS FOR THESE PEOPLE, WHO CANNOT PROVIDE FOR THEMSELVES.

WE KNOW, FOR EXAMPLE, THAT IN METROPOLITAN CANADA, ABOUT 155,000 HOUSEHOLDS HAVE INADEQUATE OR UNSUITABLE DWELLINGS, AND CANNOT AFFORD BETTER ACCOMMODATION WITHOUT SPENDING OVER 30 PER CENT OF THEIR INCOME TO OBTAIN IT. OF THESE HOUSEHOLDS, ONLY ABOUT 73,000 LIVE IN DWELLINGS THAT COULD BE IMPROVED; THE REST WOULD HAVE TO MOVE TO FIND ADEQUATE SHELTER.

IN ADDITION, THERE ARE ABOUT 283,000 HOUSEHOLDS WHO ARE PAYING MORE THAN 30 PER CENT OF THEIR INCOME IN ORDER TO HAVE SUITABLE AND ADEQUATE SHELTER.

MOST OF THESE PEOPLE LIVE IN OLDER, CENTRAL AREAS OF OUR CITIES AND TOWNS. IN MANY CASES THESE AREAS EXTEND OUTWARDS FROM THE CITY CORE ALONG RAILWAY TRACKS OR AIRPORTS AND ARE MIXED WITH OR ADJACENT TO INDUSTRIAL AREAS. IN THESE CENTRAL NEIGHBORHOODS, HOUSING STOCK IS USUALLY OF POOR QUALITY, WHILE THE LEVEL OF COMMUNITY SERVICES IS CONSISTENTLY INADEQUATE.

THIS IS ONE OF THE PROBLEMS THAT THE NEW HOUSING LEGISLATION NOW BEFORE PARLIAMENT IS INTENDED TO CORRECT. THIS LEGISLATION, AMONG OTHER THINGS, PROVIDES FOR A NEW NON-PROFIT HOUSING PROGRAM DESIGNED TO INCREASE THE SUPPLY OF HOUSING FOR LOW-INCOME PEOPLE AND TO OVERCOME MANY OF THE DISADVANTAGES OF THE TRADITIONAL FEDERAL/PROVINCIAL SOCIAL HOUSING PROGRAMS. WE INTEND, FIRST OF ALL, TO INCREASE THE PRODUCTION OF LOW-INCOME HOUSING TO 30,000 UNITS A YEAR FROM THE PRESENT 19,000 UNITS.

WE ARE GOING TO DO A MAJOR PORTION OF THIS BY OPERATING THROUGH NON-PROFIT CORPORATIONS -- PUBLIC CORPORATIONS ESTABLISHED BY PROVINCIAL OR MUNICIPAL GOVERNMENTS, OR PRIVATE CORPORATIONS SET UP BY CHURCHES, SERVICE CLUBS AND SIMILAR ORGANIZATIONS.

AS IN THE PAST, THE ACTUAL DEVELOPMENT AND CONSTRUCTION WORK WILL BE CARRIED OUT BY YOU, THE COUNTRY'S PROFESSIONAL BUILDERS, AND I URGE YOU TO CONSIDER THIS IMPORTANT MARKET FOR YOUR SKILLS AND RESOURCES.

NON-PROFIT CORPORATIONS WHO PROPOSE TO BUILD OR ACQUIRE MODEST-COST RENTAL HOUSING WILL OBTAIN THEIR FINANCING FROM APPROVED PRIVATE LENDERS. TO MAKE SURE THAT MORTGAGE LOANS ARE READILY AVAILABLE, CMHC WILL PROVIDE NHA INSURANCE, WHICH WILL COVER 100 PER CENT OF THE VALUE OF THE PROPERTIES. THIS INSURANCE WILL APPLY TO EXISTING HOUSING THAT IS TO BE BOUGHT AND IMPROVED AS WELL AS NEW HOUSING.

THE HOUSING WILL BE AVAILABLE TO ANYONE AT MARKET RENT. THOSE WHOSE INCOME IS NOT SUFFICIENT TO ALLOW THEM TO AFFORD THE MARKET RENT WILL PAY ACCORDING TO THEIR INCOME. FEDERAL SUBSIDIES WILL BE AVAILABLE TO BRIDGE THE GAP BETWEEN FULL RECOVERY AND AFFORDABLE RENTS. PROGRAM DELIVERY WILL BE SIMPLIFIED AND RED-TAPE REDUCED.

THE AMENDMENTS INCLUDE EXTENSIONS TO THE SYSTEM OF NHA INSURANCE THAT WILL, I KNOW, BE ADVANTAGEOUS TO BUILDERS.

NHA INSURANCE WILL NOW BE PROVIDED ON LOANS MADE FOR THE PURCHASE OF EXISTING RENTAL PROPERTIES BY NON-PROFIT GROUPS FOR LOW-INCOME HOUSING, AND WILL ALSO BE AVAILABLE FOR LOANS ON NON-RESIDENTIAL STRUCTURES THAT ARE CONVERTED TO PROVIDE LIVING ACCOMMODATION. IN ADDITION, NHA INSURANCE WILL NOW PROVIDE FOR THE PRIVATELY-FINANCED REHABILITATION OF OLDER STRUCTURES FOR RE-SALE BY BUILDERS.

THESE AMENDMENTS ARE MORE EVOLUTIONARY THAN REVOLUTIONARY. THEY SUPPORT AND EXTEND THE FEDERAL POLICY OF MAKING THE GREATEST POSSIBLE USE OF PRIVATE FUNDS FOR HOUSING PRODUCTION WHILE CONSERVING PUBLIC MONEY FOR THE KIND OF ASSISTANCE THAT CAN ONLY BE PROVIDED BY GOVERNMENT.

I MIGHT MENTION IN THIS REGARD THAT THE PROPORTION OF HOUSING STARTS FINANCED BY PRIVATE LENDERS UNDER THE NHA HAS INCREASED FROM AROUND 10 PER CENT IN THE MID-SIXTIES TO WELL OVER 40 PER CENT IN 1977. IN THE SAME PERIOD, DIRECT FEDERAL LOANS FOR NEW CONSTRUCTION DROPPED TO ABOUT 7 PER CENT OF ALL EXPENDITURES ON NEW CONSTRUCTION.

ONE OF THE THINGS THAT AFFECTS NHA PARTICIPATION IN THE NATIONAL PRODUCTION OF HOUSING IS THE LEVEL OF LOAN LIMITS AND PRICE LIMITS FOR VARIOUS NHA PROGRAMS. AS YOU ALL KNOW, THERE ARE A SET OF MAXIMUM LOAN LIMITS FOR NHA INSURANCE IN EFFECT ACROSS THE COUNTRY. THESE VARY FROM ONE MARKET AREA TO ANOTHER. I AM AWARE THAT YOU ARE ALL GEARING UP FOR YOUR SPRING PRODUCTION AND THAT THESE LOAN LIMITS ARE IMPORTANT TO YOU IN THIS PLANNING. I WOULD LIKE, THEREFORE, TO ANNOUNCE TODAY THAT THE MAXIMUM INSURABLE LOAN LIMIT PER UNIT, IN THE HIGHEST COST MARKETS, WILL BE \$70,000. THIS WILL MEAN THAT A UNIT OF \$80,000 IN VALUE CAN BE BOUGHT WITH A \$10,000 DOWN PAYMENT. INCREASES WILL BE AFFECTED AS WELL IN OTHER MARKET AREAS SO THAT NHA LOAN INSURANCE WILL HAVE APPLICATION TO A WIDER SEGMENT OF THE MARKET THAN WAS POSSIBLE UNDER THE PRESENT MORE RESTRICTED LOAN LEVELS. THESE NEW FIGURES WILL BE AVAILABLE BY THE END OF THE MONTH.

AS TO THE SYSTEM OF MAXIMUM HOUSE PRICES THAT WAS DEVELOPED FOR PURPOSES OF THE AHOP AND ARP PROGRAMS, THIS IS NOW TO BE DONE AWAY WITH.

THE GOVERNMENT, HOWEVER, NEEDS A MEANS OF ENSURING THAT ITS SUBSIDIZED SOCIAL HOUSING PROGRAMS ARE NOT USED FOR LUXURY HOUSING. WE ARE PROPOSING, THEREFORE, A NEW, MORE EQUITABLE AND MORE FLEXIBLE SYSTEM BOTH FOR SOCIAL HOUSING AND FOR GPM'S WITH QUICK SETTLEMENT.

A BASIC MAXIMUM UNIT PRICE WILL BE SET FOR A GROUND-ORIENTED, THREE-BEDROOM HOUSE IN EACH MARKET AREA. OTHER PRICES WITHIN EACH AREA WILL TAKE INTO ACCOUNT THE COST DIFFERENCES AMONG DIFFERENT UNIT TYPES AS WELL AS DIFFERENT BEDROOM COUNTS AND WILL BE EXPRESSED AS AN UPWARD OR DOWNWARD ADJUSTMENT TO THIS PRICE IN DOLLARS.

NO SPECIFIC DESIGN, SIZE OR OTHER LIMITS WILL BE IMPOSED ON YOU BEYOND THE LIMITS IMPLICIT IN THE MAXIMUM UNIT PRICES.

THE NEW SYSTEM WILL ALSO TAKE INTO ACCOUNT CERTAIN EXTRA COSTS FOR PROVIDING SPECIAL CARE FACILITIES FOR THE

ELDERLY AND THE HANDICAPPED, AS WELL AS FOR NORTHERN AREAS WHERE THERE IS A NEED FOR SUBSTANTIAL INSULATION AND ENERGY-SAVING DESIGNS. IN THESE CASES, SPECIAL SUPPLEMENTS WILL BE DEVELOPED.

I KNOW THAT SOME OF YOU FEEL THAT A SPECIAL PRICE SHOULD ALSO APPLY TO INNER-CITY PROJECTS. IT MAY ULTIMATELY BE FOUND NECESSARY TO HAVE SPECIAL PRICE LIMITS FOR INNER CITY AREAS, BUT, FOR THE MOMENT, WE ARE LOOKING AT OTHER OPTIONS AS WELL. THE MAIN PROBLEM LIES IN THE HIGH LAND VALUES. IF THERE WERE A SIMPLE WAY TO BRING THESE DOWN, THE PROBLEM WOULD BE A LONG WAY TOWARDS SOLUTION. AT THIS POINT, I CAN ONLY SAY THAT THIS MATTER IS STILL UNDER CONSIDERATION AND ANY HELP AND ADVICE YOUR ASSOCIATION WISHES TO GIVE IS WELCOME.

I THINK THAT THE NEW SYSTEM WILL MAKE SOCIAL HOUSING AND GPM'S WITH QUICK SETTLEMENT MORE ATTRACTIVE BY GIVING BUILDERS MORE SCOPE IN THE DESIGN AND BEDROOM COUNT OF HOUSING THEY BUILD FOR THEIR PARTICULAR MARKET. I FULLY EXPECT TO SEE AN INCREASE IN THE TAKE-UP OF SOCIAL

HOUSING AND GPM'S WITH QUICK SETTLEMENT. I MIGHT MENTION THAT ALREADY, GPM'S ARE FINDING INCREASING ACCEPTANCE BY BOTH BORROWERS AND THE FINANCIAL COMMUNITY. AT LAST-REPORT, CMHC HAD ISSUED GPM LOANS ON SOME 5,000 UNITS.

THIS YEAR IS GOING TO BE AN ADJUSTMENT YEAR FOR HOUSE CONSTRUCTION AS THE HIGH INVENTORIES IN MOST URBAN AREAS ARE GRADUALLY ABSORBED.

I ANTICIPATE THAT TOTAL STARTS THIS YEAR WILL BE ABOUT 220,000 UNITS, ABOUT EVENLY DIVIDED BETWEEN SINGLES AND MULTIPLES.

I KNOW IT CAN SOMETIMES BE A LITTLE DANGEROUS TO LOOK INTO THE FUTURE AND FORECAST CONDITIONS TEN, 20 OR MORE YEARS AHEAD, SINCE LATER EVENTS CAN EXPOSE SERIOUS FLAWS IN THE CRYSTAL BALL. HOWEVER, IT IS IMPORTANT FOR US WHO ARE RESPONSIBLE FOR HOUSING AND FOR YOU, WHOSE BUSINESS IS TO PROVIDE HOUSING FOR CANADIANS, TO HAVE SOME IDEA OF WHAT CAN BE EXPECTED OF BOTH OF US WHEN TODAY'S PROBLEMS ARE REPLACED BY TOMORROW'S.

WE ARE NOT COMPLETELY IN THE DARK WITH REGARD TO FUTURE REQUIREMENTS. THE NATURE OF HOUSING DEMANDS CHANGES WITH THE DEMOGRAPHICS OF THE COUNTRY AND WE CAN MAKE SOME FAIRLY SAFE PREDICTIONS ABOUT THE POPULATION MIX AT VARIOUS POINTS IN THE FUTURE.

WHEN WE EXAMINE THE CURRENT AGE GROUPINGS AND CURRENT TRENDS, IT APPEARS THAT AFTER 1980, NEW HOUSING REQUIREMENTS FOR CANADIANS WILL GRADUALLY DECLINE EACH YEAR, AT LEAST UNTIL THE TURN OF THE CENTURY, AT WHICH TIME THE ANNUAL REQUIREMENT MAY WELL BE LESS THAN 150,000 UNITS.

THIS PROJECTION IS BASED PARTLY ON TRENDS THAT INDICATE A DRAMATIC DOWNWARD CHANGE IN THE NUMBER OF YOUNG PEOPLE DURING THE NEXT TWO DECADES, AND AN EVEN MORE DRAMATIC UPWARD CHANGE IN THE NUMBER OF OLDER PEOPLE. BOTH FACTORS WILL REDUCE THE NEED FOR NEW HOUSING.

THE NUMBER OF CHILDREN IN CANADA UNDER THE AGE OF 14 HAS BEEN DECLINING STEADILY SINCE 1966, AND IS EXPECTED TO CONTINUE TO DECLINE UNTIL ABOUT 1981. AFTER THAT, THERE WILL LIKELY BE A RESURGENCE, BUT THE NUMBER OF CHILDREN AT THE TURN OF THE CENTURY IS NOT EXPECTED TO EQUAL THE NUMBER IN 1966.

DURING THIS SAME PERIOD, THE NUMBER OF SENIOR CITIZENS IN CANADA WILL CONTINUE TO EXPAND. IN FACT, AT THE END OF THIS CENTURY, THE NUMBER OF PEOPLE OVER 65 IN CANADA WILL BE TWICE AS HIGH AS IN 1966.

KEEP IN MIND THAT MOST OF THE DWELLINGS AND THE FACILITIES WHICH WERE BUILT TO HOUSE, EDUCATE AND ENTERTAIN SOME 6 1/2 MILLION CHILDREN IN 1966 AND ON STILL EXIST.

KEEP IN MIND, TOO, THAT WE ARE ADDING NEW HOUSING STOCK AT THE RATE OF ABOUT THREE PER CENT OF THE TOTAL STOCK EVERY YEAR, AND YOU CAN APPRECIATE THAT WE ARE GOING TO HAVE TO GIVE A GREAT DEAL OF THOUGHT TO THE TYPES OF URBAN SETTLEMENTS WE SHOULD PLAN FOR IN THE YEARS AHEAD.

IT WILL NOT BE POSSIBLE IN THE TIME AT MY DISPOSAL TODAY TO REVIEW IN ANY DETAIL THE TRENDS OF OTHER MAJOR AGE GROUPS, BUT I CAN STATE THE BASIC FACTS SIMPLY:

THE NUMBER OF 20- TO 24-YEAR-OLDS WILL PEAK AROUND 1981 AND THEN RAPIDLY DECLINE FOR 15 YEARS OR MORE. THESE ARE THE UNIVERSITY-GOING, FAMILY-FORMING YOUNG ADULTS WHO WILL LIKELY BE LOOKING FOR THE SMALLER TYPE OF ACCOMMODATION, SUCH AS ONE-BEDROOM APARTMENTS.

THE NUMBER OF PEOPLE BETWEEN 25 AND 40 YEARS OF AGE WILL GROW AT AN ACCELERATED RATE BETWEEN NOW AND 1986. THESE ARE THE LARGE GROUP OF FAMILY-FORMING, CAREER-PURSUIING PEOPLE WHO ARE ECONOMICALLY POWERFUL AND WILL, TO A LARGE EXTENT, DETERMINE THE DEVELOPMENT OF THE MID-TERM HOUSING MARKET. THE NEXT GROUP, BETWEEN 45 AND 64, WILL ALSO CONTINUE TO GROW. THEY ARE INFLUENTIAL, AS WELL, BUT THEIR HOUSING NEEDS ARE CHANGING AS THEIR CHILDREN GROW UP AND LEAVE HOME.

THE EFFECTS ON THE HOUSING SITUATION OF THIS CHANGING POPULATION MIX CANNOT BE DETERMINED PRECISELY, SINCE MUCH DEPENDS ON THE CHOICES THE MAJORITY OF PEOPLE IN EACH AGE GROUP WILL MAKE IN RESPONSE TO THE PRESSURES, DEMANDS AND TASTES OF THE TIMES.

HOWEVER, WE CAN MAKE THE GENERAL ESTIMATE THAT OUR CURRENT STOCK OF ABOUT 7.5 MILLION HOUSES WILL HAVE TO BE INCREASED TO SOMEWHERE BETWEEN 11 AND 12 MILLION BY THE TURN OF THE CENTURY. THIS QUANTITY OF HOUSING WILL BE EASILY OBTAINABLE, SINCE MOST OF TODAY'S HOUSING AS WELL AS VIRTUALLY ALL OF THE NEW HOUSING TO BE PRODUCED DURING THE NEXT 20 YEARS WILL STILL EXIST BY THE YEAR 2,000.

IN FACT, AT THAT TIME, ALMOST TWO-THIRDS OF THE HOUSING STOCK WILL CONSIST OF HOUSING THAT STANDS TODAY.

THESE TRENDS, AS WELL AS OTHER DEMOGRAPHIC AND ECONOMIC PROJECTIONS, HAVE LED TO CERTAIN GENERAL DIRECTIONS THAT BOTH GOVERNMENT AND INDUSTRY SHOULD TAKE IN HOUSING OVER THE NEXT WHILE TO MEET ANTICIPATED PRESENT AND FUTURE NEEDS.

YOUR EXECUTIVE RECENTLY RAISED THE QUESTION OF HOW WE COULD FACILITATE THE ADJUSTMENT PROCESS AHEAD BY HELPING DIRECT INCREASED RESOURCES TOWARDS THE CONSERVATION AND RENOVATION OF EXISTING HOUSING. THIS MARKET IS ALREADY OVER \$2 BILLION A YEAR AND IT WILL UNDOUBTEDLY GROW RAPIDLY. ONE POSSIBILITY YOU MAY WISH TO CONSIDER IS THE SECURING OF NHA BUILDERS' LOANS FOR THE ACQUISITION, REFURBISHMENT AND RESALE OF EXISTING DWELLINGS. THESE ARE ALLOWABLE UNDER THE NHA AND CAN PROVIDE ANOTHER SOURCE OF AFFORDABLE FAMILY HOUSING.

A VARIATION OF THIS CAN BE THE ACQUISITION AND IMPROVEMENT OF HERITAGE BUILDINGS IN A WAY THAT RESPECTS THEIR ORIGINAL CHARACTER. WE HAVE BEEN CONSIDERING WAYS OF INCREASING OUR CAPACITY TO FACILITATE THIS WORK UNDER THE NHA, SINCE IT IS IMPORTANT BOTH TO OUR HOUSING CONDITIONS AND OUR CULTURE.

I KNOW THAT YOU ARE ALL INTERESTED AS WELL IN THE QUESTION OF WHAT THE FEDERAL GOVERNMENT COULD DO TO STIMULATE NEW HOUSING DEMAND AND HENCE HOUSING CONSTRUCTION IN CANADA IN THE IMMEDIATE FUTURE.

IN ADDRESSING THIS QUESTION, LET ME STATE FIRST OF ALL THAT THE GOVERNMENT WILL BE LESS AND LESS INTERVENTIONIST. WE BELIEVE THAT PRIVATE ENTERPRISE IS WELL EQUIPPED TO TAKE ON THE CHALLENGE OF MEETING THE FUTURE NEEDS IN THE SECTOR OF CONVENTIONAL HOUSING.

THE MINISTER OF FINANCE IN HIS LAST BUDGET HAS CERTAINLY FOLLOWED UP ON TWO URGENT REQUESTS MADE BY THE CANADIAN ASSOCIATION OF HOUSING AND URBAN DEVELOPMENT BY EXTENDING FOR ONE YEAR THE FISCAL INCENTIVE TO MULTIPLE UNIT RESIDENTIAL BUILDINGS AND BY AGAIN ALLOWING DEVELOPERS TO DEDUCT THEIR CURRENT LANDHOLDING COSTS FOR INCOME TAX PURPOSES.

HE WAS HOWEVER, VERY CAREFUL NOT TO FALL INTO THE TRAP OF ONE-UPMANSHIP FOLLOWING THE PROPOSAL OF MR. CLARK, TO DEDUCT MUNICIPAL TAX AND MORTGAGE INTEREST PAYMENTS FROM TAXABLE INCOME OF HOMEOWNERS.

IN A PERIOD OF BUDGETARY RESTRICTIONS, WHEN THE BUSINESS WORLD IS URGING GOVERNMENTS TO CURB THEIR EXPENSES AND TO REDUCE THEIR DEFICITS, IT SEEMED TO US THAT HIS PROPOSAL WHICH AMOUNTED TO SEVERAL HUNDREDS

OF MILLIONS OF DOLLARS WAS INAPPROPRIATE. ESPECIALLY SINCE WE BELIEVE THAT WHEN THE CANADIAN ECONOMY WILL MAKE IT POSSIBLE, A COMPLETELY DIFFERENT FORMULA FROM THAT SUGGESTED BY MR. CLARK WILL BE NEEDED TO ADEQUATELY MEET THE NEEDS OF CANADIANS IN THE FIELD OF HOUSING AND TO RESPECT THE MOST ELEMENTARY SOCIAL JUSTICE.

I HAVE WITH ME A NUMBER OF TABULATIONS WHICH DESCRIBE IN A BROAD WAY THE IMPACT THAT HOME OWNER DEDUCTIBILITY WOULD HAVE IN TERMS OF ITS TOTAL COST, ITS IMPACT ON DIFFERENT INCOME GROUPS AND ITS DISCRIMINATORY TREATMENT OF TENANTS AS AGAINST HOME OWNERS. I WOULD LIKE THEM TO BE CIRCULATED SO THAT THIS AUDIENCE, AND THE MEDIA, AND THE PUBLIC CAN EXAMINE THEM FOR THEMSELVES. ANYONE MAY DISAGREE WITH PARTICULAR DETAILS OF THE ESTIMATES AND MAKE CALCULATIONS OF THEIR OWN BUT I AM CONFIDENT THAT NO AMOUNT OF MANIPULATION CAN GET AROUND THE STARK CONCLUSION THAT THE PROPOSAL IS, IN FACT, EXPENSIVE, WASTEFUL, AND UNFAIR.

TO COMMENT FIRST ON THE COST OF THE SCHEME TO GOVERNMENT, IT IS INDICATED THAT IF A SCHEME OF FULL DEDUCTIBILITY FOR MORTGAGE INTEREST AND MUNICIPAL TAXES

HAD BEEN IN EFFECT IN 1976, IT WOULD HAVE COST \$2.1 BILLION IN LOST REVENUE. TODAY IT WOULD COST MUCH MORE AND ITS COSTS WOULD FURTHER INCREASE AS MORTGAGE BORROWING INCREASED TO TAKE ADVANTAGE OF THE SCHEME. THIS LATTER FACTOR WAS REFLECTED IN A TELEX FROM YOUR EXECUTIVE TO ME. YOU WOULD FACE THE PROSPECT OF A DIVERSION OF MORTGAGE FUNDS FROM NEW CONSTRUCTION PROJECTS TO THE REFINANCING OF LOANS ON EXISTING PROPERTY, EITHER FOR CONSUMER DEBT OR FOR PURPOSES OF SALE. THERE WOULD BE ADDED PRESSURE ON MORTGAGE INTEREST RATES, AND AVAILABILITY OF MORTGAGE FUNDS FOR NEW BUILDING PURPOSES WOULD BE IMPAIRED.

WHILE THE PRESENT GOVERNMENT HAS ADOPTED A FIRM POLICY OF RESTRAINT IN GOVERNMENT EXPENDITURES, THIS DOES NOT MEAN THAT IT HAS CLOSED OFF THE POSSIBILITY OF INITIATIVES TO SERVE EMPLOYMENT PURPOSES IN AN EFFICIENT WAY AND WHICH OFFER RELIEF TO PEOPLE WHO ARE IN DIFFICULT ECONOMIC CIRCUMSTANCES. OUR PRIMARY OBJECTION TO THE IDEA OF DEDUCTIBILITY IS THAT IT IS WASTEFUL AND INEFFICIENT AS AN EMPLOYMENT GENERATOR AND UNFAIR AND REGRESSIVE IN ITS INCOME DISTRIBUTION EFFECTS.

TO GENERATE EMPLOYMENT THROUGH THE HOUSING MARKET, IT IS NECESSARY ONLY TO STIMULATE THE CONSTRUCTION OR REPAIR OF HOUSING. FUNDS SPENT ON THESE PURPOSES PUT PEOPLE TO WORK. IT IS NOT NECESSARY OR EFFICIENT, FROM AN EMPLOYMENT POINT OF VIEW, TO ATTACH SUBSIDIES TO THE ENTIRE OCCUPIED HOUSING STOCK, AT ENORMOUS EXPENSE.

ON THE OTHER HAND, IF THE PURPOSE OF DEDUCTIBILITY IS SIMPLY TO OFFER RELIEF TO PEOPLE WHO CANNOT AFFORD TO OCCUPY HOUSING, THEN THERE IS NO REASON TO EXCLUDE THE ENTIRE TENANT POPULATION, AND NO REASON TO ACCORD AID TO HOME OWNERS IN A DELIBERATELY PERVERSE MANNER THAT TENDS TO INCREASE THE AID WITH THE LEVEL OF INCOME OF THE BENEFICIARY HOUSEHOLD.

LET ME ELABORATE QUICKLY ON THIS. I JUST MENTIONED THAT IF DEDUCTIBILITY HAD BEEN IN EFFECT IN 1976, IT WOULD HAVE COST \$2.1 BILLION. OF THIS AMOUNT, TENANTS WHO CONSTITUTE 38 PER CENT OF HOUSEHOLDS, AND WHO HAVE LOWER INCOMES ON AVERAGE THAN HOME OWNERS, WOULD GET NOTHING.

HOUSEHOLDS MAKING LESS THAN \$5,000 INCOME, WHO CONSTITUTED 21 PER CENT OF ALL HOUSEHOLDS IN 1976, WOULD ALSO GET NOTHING. THOSE EARNING FROM \$5,000 TO \$15,000, WHO MADE UP ALMOST HALF THE POPULATION IN 1976, WOULD GET JUST OVER ONE-THIRD OF THE BENEFIT. THE REMAINING 31 PER CENT OF HOUSEHOLDS, THOSE EARNING OVER \$15,000, WOULD RECEIVE TWO-THIRDS OF THE ENTIRE BENEFIT.

A FURTHER POINT HAS TO DO WITH THE INTERPROVINCIAL IMPACT OF DEDUCTIBILITY, WHICH TENDS TO FAVOUR PROVINCES WHICH HAVE HIGH-INCOME AND HIGH-HOME-OWNERSHIP-PROPENSITY. THE EVIDENCE IS THAT ON MORTGAGE INTEREST DEDUCTIBILITY, ONLY ONTARIO, ALBERTA, AND B.C. WOULD GAIN RELATIVELY, IN THE SENSE THAT THE BENEFIT TO THEIR CITIZENS WOULD BE HIGHER THAN THEIR RELATIVE SHARE OF THE NUMBER OF HOUSEHOLDS. ALL THE OTHER PROVINCES WOULD BENEFIT LESS THAN THEIR SHARE.

I THINK I HAVE SAID ENOUGH TO INDICATE THAT THIS GOVERNMENT IS NOT READY TO IMPLEMENT MR. CLARK'S PROPOSAL. BUT THIS GOVERNMENT HAS ALWAYS BEEN READY TO IMPLEMENT INITIATIVES THAT STIMULATE EMPLOYMENT IN RESIDENTIAL CONSTRUCTION WHEN BOTH HOUSING MARKET AND UNEMPLOYMENT CONDITIONS WARRANT. AHOP AND ARP PROVIDE RECENT GOOD EXAMPLES OF THIS TYPE OF INITIATIVE.

THE MAIN HOUSING PROBLEM IN CANADA TODAY CONCERNS THE STILL LARGE NUMBER OF FAMILIES I MENTIONED EARLIER THAT LIVE IN INADEQUATE AND UNSUITABLE HOUSING BECAUSE THEY CANNOT AFFORD SATISFACTORY ACCOMMODATION. WE HAVE TO CONSIDER THE POSSIBILITY OF MORE GENERAL KINDS OF AID FOR PEOPLE WHO HAVE DIFFICULTY IN OBTAINING DECENT ACCOMMODATION -- TYPES OF AID THAT ARE IN THE NATURE OF SHELTER ALLOWANCES RATHER THAN PROJECT-ORIENTED HOUSING PROGRAMS.

DEDUCTIBILITY FROM TAXABLE INCOME, FOR HOME OWNERS ONLY, IS UNSATISFACTORY AS A BASIS FOR SUCH POLICIES. WE WOULD BE BETTER SERVED BY A TAX CREDIT SCHEME THAT MAKES NO DISTINCTION BETWEEN OWNERS AND TENANTS AND WHICH IS CAPABLE OF HELPING PEOPLE WHO AREN'T SUBJECT TO INCOME TAX. AN ACCEPTABLE SCHEME WOULD HAVE TO BENEFIT PEOPLE ACCORDING TO THE MEASURE OF THEIR DISADVANTAGE IN THE HOUSING MARKET-PLACE, WHETHER THEY ARE YOUNG OWNERS WITH HEAVY MORTGAGE OBLIGATIONS OR TENANTS WITH HIGH RENTS.

THE RIGHT DIRECTION, IT SEEMS TO ME, HAS BEEN FOLLOWED BY THE GOVERNMENT OF BRITISH COLUMBIA AND NEW BRUNSWICK, IN THE INTRODUCTION OF THEIR SHELTER ALLOWANCE PROGRAMS FOR THE ELDERLY. THESE ARE PROGRAMS THAT ASSIST THE ELDERLY WITH THEIR RENTAL PAYMENTS TO THE EXTENT THAT THESE EXCEED 25 PER CENT OF THEIR INCOME, AND THEY THUS MAKE IT POSSIBLE FOR THESE PEOPLE TO BETTER SOLVE THEIR OWN HOUSING PROBLEMS BY FREELY CHOOSING IN THE MARKET PLACE.

TO INTRODUCE ANY GENERAL PROGRAM, HOWEVER, THAT SEEKS TO REDISTRIBUTE INCOME FOR SHELTER PURPOSES, REQUIRES A VERY SUBSTANTIAL COMMITMENT OF GOVERNMENT FUNDS. AS A MINISTER OF THE GOVERNMENT IN POWER, I DO NOT HAVE THE ADVANTAGE OF BEING ABLE TO ADVOCATE PRODIGALITY ON THE ONE HAND AND RETRENCHMENT AND RESTRAINT ON THE OTHER. BUT I DO BELIEVE THAT IN THE NEAR FUTURE, AS SOON AS OUR ECONOMY PERMITS, WE SHOULD ADOPT A SHELTER ALLOWANCE SYSTEM THAT WILL PROVIDE ASSISTANCE TO HOMEOWNER AND TENANT ALIKE, THROUGH PAYMENT OF A TAX CREDIT FOR SHELTER EXPENDITURES EXCEEDING A CERTAIN PERCENTAGE OF INCOME.

SUCH A SCHEME COULD PROVIDE ASSISTANCE TO TENANTS BY GIVING A TAX CREDIT FOR RENTAL COST WHICH EXCEED LETS SAY 25% OF INCOME. SUCH A SCHEME COULD ALSO PROVIDE ASSISTANCE TO HOMEOWNERS BY GIVING A TAX CREDIT FOR HOUSING COSTS INCURRED THROUGH MORTGAGE INTERESTS PAYMENTS, PROPERTY TAXES, HEATING COSTS, AND HOME INSURANCE TO A TOTAL OF 25% OF THEIR INCOME.

THE IMPLEMENTATION OF SUCH A SCHEME COULD BE DONE BY PHASES. WE COULD START AT 30% AND THEN GO AS OUR ECONOMY PERMITS PERHAPS TO 25% AND EVEN TO 20%. WITH OBVIOUSLY HAVING IN MIND A MAXIMUM AMOUNT OF TAX CREDIT TO BE DESIGNATED.

LADIES AND GENTLEMEN WHATEVER THE NEW DIRECTIONS THAT WE WILL TAKE I WANT TO ASSURE YOU THAT THIS GOVERNMENT WILL DO IT WITH YOUR HELP, WITH YOUR ADVICE, AND WILL DO IT ALSO IN A WAY THAT MAKES SURE THAT WE ARE HELPING YOU, THE BUILDERS OF CANADA, TO INSURE THAT CANADIANS REMAIN ONE OF THE BEST HOUSED PEOPLE IN THE WORLD.

MORTGAGE INTEREST
AND
PROPERTY TAX DEDUCTIBILITY:
DISTRIBUTIONS BY INCOME CLASS
AND PROVINCE,
1976

INTRODUCTION

These tables examine the distribution of benefits if mortgage interest and property taxes had been deductible from income for tax purposes in 1976. The year 1976 was chosen because of the availability of data for that year.

The estimates presented in the tables were based on data assembled from different sources and were derived on the basis of various assumptions. These assumptions as well as the data sources used for the preparation of this paper are described in the Section "Explanatory Notes and Sources of Data."

TABLE 1

DISTRIBUTION OF HOUSEHOLDS BY TENURE, CANADA, 1976

Province	Number of Households (000's)		Percentage Distribution Within Provinces		Distribution as a Percent of Canada		
	Total	Owners	Renters	Owners	Renters	Owners	Renters
Nfld.	131.7	106.2	25.5	80.6	19.4	2.4	0.9
P.E.I.	32.9	25.2	7.7	76.6	23.4	0.6	0.3
N.S.	243.1	176.1	67.0	72.4	27.6	4.0	2.5
N.B.	190.4	136.8	53.6	71.8	28.2	3.1	2.0
Que.	1,894.2	954.0	940.2	50.4	49.6	21.5	34.5
Ont.	2,634.7	1,676.3	958.4	63.6	36.4	37.9	35.2
Man.	328.0	217.7	110.3	66.4	33.6	4.9	4.0
Sask.	291.1	219.9	71.2	75.5	24.5	5.0	2.6
Alta.	575.3	372.8	202.5	64.8	35.2	8.4	7.4
B.C.	828.3	540.6	287.7	65.3	34.7	12.2	10.6
Canada	7,149.7	4,425.6	2,724.1	61.9	38.1	100.0	100.0

TABLE 2

DISTRIBUTION OF OWNERS WITH AND WITHOUT MORTGAGES, CANADA, 1976

Province	Number of Owners (000's)		Percentage Distribution Within Provinces		Distribution as a Percent of Canada		
	Total	With Mortgages	Without Mortgages	With Mortgages	Without Mortgages	With Mortgages	Without Mortgages
Nfld.	106.2	18.7	87.5	17.6	82.4	0.8	4.2
P.E.I.	25.2	9.1	16.1	36.1	63.9	0.4	0.8
N.S.	176.1	58.3	117.8	33.1	66.9	2.5	5.7
N.B.	136.8	46.0	90.8	33.6	66.4	2.0	4.4
Que.	954.0	560.0	394.0	58.7	41.3	23.7	19.1
Ont.	1,676.3	945.4	730.9	56.4	43.6	40.1	35.3
Man.	217.7	104.1	113.6	47.8	52.2	4.4	5.5
Sask.	219.9	88.4	131.5	40.2	59.8	3.7	6.4
Alta.	372.8	220.3	152.5	59.1	40.9	9.3	7.4
B.C.	540.6	308.1	232.5	57.0	43.0	13.1	11.2
Canada	4,425.6	2,358.4	2,067.2	53.3	46.7	100.0	100.0

TABLE 3

DISTRIBUTION OF TOTAL PERSONAL INCOME TAX REVENUE LOSS BY PROVINCE,
BASED ON THE DEDUCTIBILITY OF INTEREST PAYMENTS ONLY, CANADA, 1976.

Province	Total Number of Households (000's)	Tax Revenue Loss (\$000's)			Percentage Distribution	
		Total	Federal Share	Provincial Share	Tax Revenue Loss	All Households
Nfld.	131.7	11,251.2	7,979.6	3,271.6	0.9	1.8
P.E.I.	32.9	3,745.4	2,754.0	991.4	0.3	0.4
N.S.	243.1	31,075.8	22,437.4	8,638.4	2.6	3.4
N.B.	190.4	18,548.8	13,108.8	5,440.0	1.5	2.7
Que.	1,894.2	217,193.8	107,887.0	109,306.8	18.2	26.5
Ont.	2,634.7	531,446.2	407,238.4	124,207.8	46.4	36.9
Man.	328.0	49,093.3	34,451.5	14,641.8	4.1	4.6
Sask.	291.1	37,168.5	26,548.9	10,619.6	3.1	4.1
Alta.	575.3	106,132.0	84,231.7	21,900.3	8.8	8.0
B.C.	828.3	171,382.5	130,329.0	41,053.5	14.1	11.6
Canada	7,149.7	1,177,037.5	836,966.3	340,071.2	100.0	100.0

TABLE 4

DISTRIBUTION OF TOTAL PERSONAL INCOME TAX SAVINGS BY INCOME GROUPS,
 BASED ON THE DEDUCTIBILITY OF INTEREST PAYMENTS ONLY, CANADA, 1976

Income Class	Total Number of Households (000's)	Total Mortgage Interest Payments (\$ 000's)	Total Tax Savings (\$ 000's)	Tax Savings Per Household \$	Percentage Distribution of Tax Savings	Percentage Distribution of All Households
<5,000	1,487.1	196,611.4	*	*	*	20.8
5,000-9,999	1,580.1	314,578.3	84,432.8	53.4	7.2	22.1
10,000-14,999	1,816.0	993,781.5	307,223.3	169.2	26.1	25.4
15,000-19,999	1,229.7	893,688.4	302,287.6	245.8	25.7	17.2
20,000-24,999	564.8	550,512.0	211,894.1	375.2	18.0	7.9
25,000-29,999	207.4	264,531.8	114,858.1	553.8	9.7	2.9
30,000+	264.6	361,050.1	156,341.6	590.9	13.3	3.7
All Income Classes	7,149.7	3,574,753.5	1,177,037.5	164.6	100.0	100.0

*
Negligible amount

TABLE 5

DISTRIBUTION OF TOTAL PERSONAL INCOME TAX REVENUE LOSS BY PROVINCE,
BASED ON THE DEDUCTIBILITY OF MORTGAGE INTEREST AND PROPERTY TAX PAYMENTS, CANADA, 1976

Province	Total Number of Households (000's)	Tax Revenue Loss (\$000's)			Percentage Distribution	
		Total	Federal Share	Provincial Share	Tax Revenue Loss	All Households
Nfld.	131.7	23,593.6	16,733.0	6,860.6	1.1	1.8
P.E.I.	32.9	6,066.4	4,460.7	1,605.7	0.3	0.4
N.S.	243.1	55,126.1	39,802.3	15,323.8	2.6	3.4
N.B.	190.4	33,748.0	23,850.2	9,897.8	1.6	2.7
Que.	1,894.2	461,931.8	229,356.5	232,575.3	21.6	26.5
Ont.	2,634.7	954,247.3	731,224.0	223,023.3	44.7	36.9
Man.	328.0	70,534.0	49,497.6	21,036.4	3.3	4.6
Sask.	291.1	57,238.0	40,884.3	16,353.7	2.7	4.1
Alta.	575.3	143,511.9	113,898.1	29,613.8	6.7	8.0
B.C.	828.3	329,484.3	250,558.3	78,926.0	15.4	11.6
Canada	7,149.7	2,135,481.4	1,500,265.0	635,216.4	100.0	100.0

TABLE 6

DISTRIBUTION OF TOTAL PERSONAL INCOME TAX SAVINGS BY INCOME GROUPS,
 BASED ON THE DEDUCTIBILITY OF MORTGAGE INTEREST AND PROPERTY TAX PAYMENTS, CANADA, 1976

Income Class	Total Number of Households (000's)	Total Mortgage Interest and Property Tax Payments (\$ 000's)		Total Tax Savings (\$ 000's)	Tax Savings Per Household \$	Percentage Distribution of Tax Savings	Percentage Distribution of All Households
< 5,000	1,487.1	675,100.0	*	*	*	*	20.8
5,000-9,999	1,580.1	821,265.8	208,698.7	132.1	9.8	22.1	
10,000-14,999	1,816.0	1,760,830.3	540,404.3	297.6	25.3	25.4	
15,000-19,999	1,229.7	1,621,634.2	548,445.2	446.0	25.7	17.2	
20,000-24,999	564.8	995,251.9	371,724.2	658.2	17.4	7.9	
25,000-29,999	207.4	445,427.4	186,011.5	896.9	8.7	2.9	
30,000+	264.6	640,803.4	280,197.5	1,058.9	13.1	3.7	
All Income Classes	7,149.7	6,959,803.4	2,135,481.5	298.7	100.0	100.0	

*
Negligible amount.

EXPLANATORY NOTES AND SOURCES OF DATA

Data on the number of households by tenure were derived from the 1976 Census but the total for Canada excludes the Yukon and North-west Territories. In the foregoing tables the calculations relating to the total payments and total tax savings are based on the distribution of owners as presented in Table 2.

The distribution of owners with and without mortgages was derived by applying the percentage distribution of owners with/without mortgages from the 1971 Census to the total provincial distribution of owners as per the 1976 Census.

Average mortgage interest payments by province and income groups were estimated from the 1974 Survey of Housing Units (SHU). The 1974 SHU data were inflated by 16 percent so that the average payment would equal the figure published in the 1976 Family Expenditure Survey (FAMEX). Total payments were then calculated by multiplying the average payment in a given income class and a given province by the appropriate number of owners.

Average property tax payments by income group, for owners with and without mortgages and by province were estimated from the 1974 Survey of Housing Units. As property tax payments are some function of the selling price of a dwelling, property taxes were calculated as follows:

Taxes = k. price

Where k took the following values:

Atlantic 0.0126

Quebec 0.0243

Ontario 0.0141

Prairies 0.0096

B.C. 0.0154

These "K" values were estimated from Royal Trust data (June 78) by simply dividing property taxes into price and calculating the simple average for "House 1" in each region. These estimated taxes as of 1974 were inflated by 20.9 percent to 1976 based on the increase in the property tax component of the CPI.

The total tax savings were computed for each income group and each province. These figures were then aggregated by income groups or by province. For the computations, average deductions by income class were obtained from Taxation Canada for the 1976 taxation year. Except for Quebec, the rates of provincial income tax were applied to the basic federal tax to calculate the provincial share. In the case of Quebec, the respective provincial and federal shares were calculated as follows:

Federal Share = .76 x (Basic Federal Tax)

Provincial Share = .77 x (Basic Federal Tax).

Remarks by the Honourable Elmer MacKay

Discours de l'honorable Elmer MacKay

Minister Responsible
for Canada Mortgage and
Housing Corporation

ministre responsable de la
Société canadienne d'hypothèques
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Property Forum

Toronto
November 7, 1979



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I'd like to thank the Maclean-Hunter organization for inviting me to take part in this Forum, which brings together so many people who have influential roles to play in Canada's building development industry. As a relatively new Minister responsible for housing, I feel it is important to establish good working relationships with all segments of Canada's housing industry as early as possible. It is equally important that I make sure that everyone connected in some significant way with the industry is clearly informed about the role in housing to be played by the Government of Canada and its agency, Canada Mortgage and Housing Corporation, in the immediate as well as the more distant future. Gatherings such as this give me an excellent opportunity to do that.

I have the highest regard for the historical role of CMHC in the Canadian housing field. Over the years it has fulfilled its responsibilities in a professional way, and has made important contributions to the quality and supply of moderately priced housing in Canada.

Over the years, the federal role in housing has been adjusted many times in order to meet the changing needs of Canadians. The underlying objective, however, has remained unchanged, and that is to help give every Canadian access to good housing, at an affordable cost, in a safe and satisfying community environment.

In pursuit of that role, CMHC has developed on two fronts. It was first created as a proprietary financial institution, capable of generating a profit or surplus without recourse to government. In this capacity, it has returned about \$200 million in surpluses to the government over the years.

But the Corporation was given an additional and quite different role as well. It was required to act as the agent of the Federal Government in administering government expenditures -- such as subsidies, grants, forgivable loans and loans at below market interest rates -- in support of national social policies on shelter.

In its first role, as a financial institution, it inaugurated NHA insurance 25 years ago as one of its most useful tools in meeting Canadian needs. By providing this insurance, CMHC gave the mortgage market needed stimulus which, in turn, encouraged home buying and gave additional impetus to the construction industry.

It is generally accepted, as well, that CMHC's mortgage insurance activities provided the example that encouraged private insurers to enter the market, and they have for the most part flourished ever since.

Since 1954 CMHC has also been making loans, as well as insuring them, in situations where private loans were not available -- as a "lender of last resort". Originally, these loans were made mainly in smaller communities and remote areas where private institutions were not providing them. At various times, however, when private mortgage money was not available, CMHC became a private lender on a very large scale.

The second role, as an agency of federal social policy on shelter, took CMHC into the implementation of public housing programs in the early years and then, more recently, into such programs as non-profit and co-operative housing, residential rehabilitation assistance, rural and native housing, neighborhood improvement, and finally the assisted rental and assisted homeownership programs.

The resulting increases in business volume and growth of assets have put serious strains on the Corporation.

The administration of social housing led to more complex relationships with other levels of government and with voluntary organizations concerned with the provision of low-income housing. In this connection, provincial governments have all developed strong and competent housing agencies to administer their own shelter policies and programs. This was recognized last year when initial attempts began towards "disentanglement" of responsibilities between CMHC and provincial housing authorities, which, among other benefits, began to reduce the duplication and overlapping of responsibilities.

There is a lot more room for progress in disentanglement and lessening duplication in both policy and administrative terms.

Some attempts had been made to restructure CMHC so that it could respond to increasing demands for policy research and development, intergovernmental relations, and third sector development, while at the same time it maintained a country-wide field staff committed to the daily management of both the "on-going" insurance business and the administration of social programs.

All of these factors, in combination, produced problems. One was that accountability for overall corporate performance was reduced. Another was real ambiguity regarding the criteria by which management performance can, or should be measured. A third was ambiguity with regard to the Corporation's ability to recommend and put into effect program policies based on both public policy and operational considerations.

I believe that these circumstances provide an excellent opportunity to review and reappraise the role of the Corporation. It's time to examine its role in furthering its contribution to the residential construction industry and in providing adequate housing for all Canadians.

What we are looking for is better balance between the dual roles of CMHC as a financial institution on the one hand and a social agency on the other, so that the problems of the '80's can be met by a better-structured, stronger organization capable of continuing its positive role in housing.

In this connection, I'm sure you are all aware that we recently established a task force to study CMHC and consider the "privatization" of some of its functions.

That report will soon be before the government and I expect that it will be made public very soon. I would like to express my appreciation of the job which Mr. Mathews and his colleagues have done -- especially in the extremely short time-frame in which they had to work.

The Task Force report represents one point of view, an assessment of the situation from a particular perspective. Now that a start has been made, I and my colleagues in government could benefit from the experience and expertise of people like yourselves -- as members of national housing industry associations and as individuals. I invite your comments and advice, not only about the future role of CMHC but about the relationship of government to the industry and the policies and programs that would be most appropriate for the particular problems we will be facing in the 1980's and beyond.

It is important to keep in mind that the Federal Government is not in the business of building houses or apartment buildings. That is and always has been the business of private enterprise within a free and competitive

market economy. We, as a government, must try to ensure that all Canadians, everywhere in Canada, are decently housed, but we believe that the housing needs of most Canadians can best be served through a stable, efficient and competitive private housing industry, and it is to that end that we will continue to direct our efforts.

We have to realize, however, that we must consider the needs of all Canadians, including those who cannot, for a variety of reasons, afford suitable housing. These include older people, the physically and mentally handicapped, women raising children on their own, the chronically ill and other disadvantaged Canadians, and their needs will continue to be a high priority for action by this government.

For this reason, we cannot confine our concerns only to the dynamics of the market place, but must be concerned as well with the adequacy of social housing activities in providing shelter assistance where and when and by whom it is needed.

Having said that, I must also point out that the housing problems of the foreseeable future are going to be substantially different from those of the past.

We have reached something of a watershed in the production of new housing in Canada. During the next decade, the population is expected to grow at only about one per cent a year.

Taking all factors into account, including a number of social and economic considerations, our requirements for new housing are expected to decline significantly during the 1980's -- from some 227,000 units last year to about 166,000 by 1989.

Not only will we require less new housing to be produced each year, the kind of housing we produce, and where it should be produced, will be different, too. We will have more elderly people among our population and housing will have to respond to their special needs. Families will generally be smaller and, as young people leave home at an earlier age, there will be relatively more non-family households. The rising costs of fuel and the conversion to fuel sources other than petroleum will also affect the character and location of future housing. Houses will certainly have to be more fuel-efficient and locations that offer a relatively short daily trip to the work-place will be at a premium.

All of these factors, and many more, suggest that we can not just go on building housing in the same old way as if nothing was changing.

The housing industry, along with the governments concerned, will have to become very much more sophisticated in market analysis and in adjusting to people's needs and trends across the country.

I mentioned earlier that the government isn't in the business of building houses or apartment buildings. Right now, however, we find ourselves in the real estate business, and we'd like to get out of it.

CMHC has acquired, largely through mortgage defaults, more than 31,000 units of housing across Canada, and is acquiring more every day. More than 75 per cent of this property is multiple housing.

These acquisitions are worth hundreds of millions of dollars, and put CMHC in a role that was never intended.

We wish to dispose of this housing just as quickly as possible, and are currently exploring the most effective and advantageous means of doing so. As you can appreciate, there is much more involved than simply the sale of housing units that we don't want to own.

We are determined to sell the property we have acquired, and will very likely look for assistance in some form from the private sector. I can't say at this point what form that assistance might take, but we are taking a good look at a number of alternative ways to proceed. You will hear more about this at a later date.

Canada is not one market, but several, each with different characteristics, different needs, and different priorities.

I'm not sure that a single policy or a single set of programs are adequate to serve the requirements of all regions at the same time. I feel that we might better recognize regional problems and needs by devising specific program approaches and delivery systems for each region in the country.

The recent moves towards disentanglement have already given the provinces the responsibility for delivery of some federally initiated programs. I intend to explore the possibility of extending this approach much further -- by working with each province to determine its specific requirements, and then to design federal assistance to better meet those requirements. This could conceivably mean different program designs for each province, but it would ensure the most effective approach possible to the needs and priorities in housing everywhere in the country.

I am looking forward to meeting with my provincial counterparts very soon to discuss with them innovative ways of bringing help to the people who need it most.

I would particularly like to have their views on methods of conveying financial assistance which will impose the least burden on taxpayers over the long term. In many ways, the present subsidy arrangements are not entirely satisfactory since the assistance is attached to a particular building, and not to persons. We want to get away from the bricks and mortar approach.

I am thinking in terms of a shelter allowance, which would meet the difference between what a senior citizen or family could afford to pay for adequate accommodation and the price they would have to pay on the open market.

There is no question that the changing requirements of Canadians for shelter pose a problem to all segments of the residential construction industry but it is equally true that the changing conditions present healthy challenges and opportunities.

There are a number of immediate problems. The rising price of energy and its diminishing supply is of concern to all of us. On the housing side, Canada's changing demographics significantly reduce the need for new housing year by year, as I mentioned earlier, while the existing stock is getting older as time goes on.

There is a growing need for increased energy efficiency for both new and existing housing, and this need will become more, not less demanding, in years to come.

In large, urban areas of Canada, there is a growing tendency for Canadians to move from the suburbs back towards the centre of the city to be closer to their work and to recreational facilities. This tendency has a salutary effect on the problems of urban sprawl, but brings its own problems in the availability and rising cost of inner-city housing.

In small and rural communities as well -- an important dimension of community life that is sometimes overlooked in our preoccupation with the problems of cities -- there is an equally serious need to improve the quality of shelter and supporting services. This is perhaps especially true in the remote and northern reaches of the country.

All these factors -- diminishing energy supplies, decreasing requirements for new housing, the aging of existing houses and their neighborhoods, the growing need for energy-efficient housing, the escalating trend towards inner-city living, the quality of rural community life -- all these factors can be seen as problems or accepted as challenges and opportunities.

One of the primary challenges is to maintain and improve our existing housing and neighborhoods. The shifting balance between the rehabilitation and conversion of the existing housing stock and the production of new housing could mean an improvement rather than a reduction in the contribution of the industry to our over-all economic performance -- if we are alert to these opportunities. There is no question that growing attention and commitment to the maintenance and preservation of housing, in both urban and rural Canada, can be a strengthening factor in the socio-economic fabric of this country.

From here on, both industry and government are going to be very much more concerned with ways of preserving good housing and extending its useful life. Rehabilitation serves two important social and economic goals: it helps to conserve and recycle scarce resources, and, because it is more labor-intensive than new construction, helps to create more new jobs. To a large extent our efforts will be directed at encouraging the revitalization of inner-city neighborhoods -- building and rebuilding new communities within the existing urban framework.

Where new housing is concerned, I'm sure that the tax credit scheme announced recently by my colleague, the Minister of Finance, John Crosbie, will help substantially in supporting housing demand.

The tax credit will not only provide much-needed relief to those with mortgages on their homes, it will also allow many Canadian families who could not otherwise arrange it to obtain a home of their own. This increase in the effective demand for housing will provide a powerful stimulus to the residential construction industry.

There is, however, no question that the current high interest rates are bound to dampen the demand for housing, at least in the short term. Many people who might normally buy a house now or in the near future, will undoubtedly defer their purchase until such time as the rate is more in line with their budget.

I am most concerned, however, about those homeowners who must renew their mortgage around this time as the normal five-year term comes to an end. The new and much higher rate will in many cases be a severe blow to their finances. In this regard, people who bought homes under the AHOP program are special problems. In many cases the five-year subsidy arrangement is coming to an end, and they are faced not only with unassisted payments, which they expected, but payments at a much higher level than they originally anticipated.

I am looking at a number of measures that might help people to cope with unusually high interest rates.

One of these will be in effect very soon. I have arranged for a change in the NHA regulations to allow for a one-year roll-over term on NHA mortgages. This will ensure that people taking out a new mortgage or renewing an existing one will not be locked into a high interest rate arrangement for a long period of time.

Mr. Chairman, this has been of necessity, a very brief over-view of some of the present concerns and considerations of the Federal Government with respect to housing. As I mentioned earlier, we have undertaken to review in some depth the future role and responsibilities of the federal agency, CMHC, in the provision of housing for Canadians. I do not know, at this time, what directions we will ultimately take, but I can assure you that we will be guided solely by a commitment to meet the future housing needs of Canadians in the most efficient and effective way, with the least burden on the taxpayer, and the maximum participation by the private sector.

Remarks by the Honourable Paul Cosgrove

Minister Responsible
for Canada Mortgage and
Housing Corporation

Discours de l'honorable Paul Cosgrove

ministre responsable de la
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It's a pleasure to have this opportunity to speak to you today. As many of you know, I'm spending quite a lot of my time, as a relatively new Minister responsible for housing, in establishing good working relationships with the key people and principal organizations involved in every aspect of Canada's housing industry. Because the role played by the real estate industry is basic to a sound and stable housing market, I was particularly pleased to be invited here to tell you something of our concerns and our plans to cope with what will undoubtedly be a decade of change.

I feel it is important at this time to put in perspective the role in housing to be played by the Federal Government through Canada Mortgage and Housing Corporation, now and in the future, and gatherings like this give me the opportunity to do just that.

I'd like to take a few minutes, first, to talk about the changing nature of CMHC's involvement in housing since it was established 35 years ago, just after World War II.

CMHC's initial mandate, many of you may recall, was simply to cause a lot of housing to be built as quickly as possible to compensate for the severe shortage created by both the depression and the war years. Housing for returning veterans was the immediate priority, of course, but the general objective of the new National Housing Act was to improve housing conditions for all Canadians, in every part of the country.

CMHC's initial task -- to stimulate housing production -- was accomplished within the first few years, using a variety of techniques, including joint loans with banks, as well as "buy back" and rental guarantees.

The housing corporation entered the social housing field in 1949, when the NHA was broadened to include a public housing program. This was a shared-cost partnership arrangement with the provinces, which subsequently became one of the most important features of Canadian housing legislation. It led, eventually, into such programs as non-profit and co-operative housing, residential rehabilitation assistance, rural and native housing, and other programs to assist in the production of moderately-priced housing both for rental and ownership.

CMHC's role as a financial institution received its first major thrust in 1954, when it introduced NHA mortgage insurance. This has since become one of its most useful tools in helping to meet Canadian housing needs. Later, amendments to the Bank Act, allowing Canada's chartered banks to make mortgage loans, and the introduction of the five-year "roll-over" mortgage term, encouraged home buying and gave a much-needed impetus to the construction industry.

I'd like to emphasize that the purpose of NHA mortgage insurance is primarily to increase the flow of private capital into the housing sector of the economy. At the same time, by means of its inspection services, mortgage insurance allows CMHC to exert a continuing influence on the quality of housing in Canada.

But CMHC's influence and activities have spread far beyond its roles in social housing and as a financial institution. Over the years it has designed programs to help provincial and municipal governments, not only in meeting their low-income needs, but in coping with the impact of urbanization in all its aspects. Support available includes assistance for water supply plants and systems, sewage treatment facilities, the upgrading of older neighborhoods and the provision of community recreation centres and facilities.

All of you are aware, I believe, that CMHC is also concerned with developing new and innovative solutions to Canada's housing problems. On its own account, and in co-operation with other governments and the private sector, CMHC is authorized to develop new ways of creating housing and housing forms, new ways of using and servicing land, new ways of approaching the planning process. In fact, its mandate now includes the very broad responsibility of developing new ways to deal generally with social, economic, physical and technological problems connected with housing and the community.

This has of necessity been a very brief over-view of CMHC's development over the years, but I think it will indicate the solid place of the national housing agency in just about every aspect of housing and the residential community.

In all of this we must keep in mind that the Federal Government is not itself in the business of building houses and apartment buildings, nor in providing water supply systems or rehabilitating houses. That is and always has been the business of private enterprise within a free and competitive market economy.

We, as a Government, must try to ensure that all Canadians, everywhere in the country, are decently housed in a safe and satisfying community environment. We know, as well, that the housing needs of most Canadians can best be served through a stable, efficient and competitive private housing industry. The role of the Federal Government, through CMHC, is in large part to support the private housing industry through programs and policies that establish a suitable climate for providing the housing Canadians need, at a cost they can afford.

Recent changes in the federal approach underline this role. The new approach provides for private financing of social housing projects sponsored by public or private non-profit agencies, with enriched federal subsidies through interest write-downs, and full protection to the lender through mortgage insurance. At the same time, steps have been taken to "disentangle" the overlapping administrative procedures of the federal and provincial governments. In coming months, incidentally, we're going to give a lot of study to inter-governmental roles in housing, in order to sort out the particular responsibilities that are best undertaken at each level.

Finally, as part of the new approach, the various community assistance programs that have been put in place over the years are now subject to global funding from the Federal Government under one comprehensive program, which has been turned over to the provinces for managing.

I mentioned earlier that CMHC isn't in the business of building houses or apartment buildings. That's true enough, but right now we do find ourselves in the real estate business, and we'd like to get out of it.

CMHC has on hand more than 36,000 units of housing across this country, and is acquiring more every day. Almost 16,000 units were acquired last year alone, and so far this year we have taken back more than 5,000 units.

These acquisitions have naturally put a strain on the liquidity of our Mortgage Insurance Fund.

The Mortgage Insurance Fund is completely solvent, of course, with net assets at the end of 1979 of more than \$500 million -- which is not much different from the situation in previous years. But because so much of its assets are in real estate, the Fund is not as liquid as it has been in the past. We believe that claims against the Fund have peaked, and that they will decline substantially in 1981. In order to restore liquidity to the MIF, however, we are obliged to put our acquisitions on the market, but in doing so we naturally are taking care not to depress markets.

I might point out, in fact, that the Fund borrowed \$60 million from the Government last year rather than hurt markets by selling units we had taken back. This permitted us to settle claims in the latter part of the year without putting a lot of the housing on the market at one time.

Just recently, the Government authorized CMHC to negotiate with private interests in the housing field, such as real estate broker, developers and investors, to take over specified portfolios of housing. Interested parties are asked to submit proposals to CMHC, which then negotiates the best terms and conditions for the transfer, at a price that will ensure a fair return to the MIF. Among the conditions is that properties must not be sold at a price that would have a negative impact on the market.

As a matter of interest, sales of MIF real estate holdings last year amounted to 3,319 units. Up to the beginning of May this year, 4,387 sales representing more than 6,000 units had already been made.

We intend to continue a policy of controlling the sale of the housing acquired by the MIF to ensure that the market is not adversely affected anywhere in Canada.

I am sure we can rely on the assistance and co-operation of this Institute and of individual real estate brokers in putting this housing back on the market.

I referred earlier to CMHC's broad mandate to find new ways to deal with a variety of problems connected with the housing industry. In this connection, you will, I believe, be interested in a pilot project we have underway in Nova Scotia concerning inspection services for both new and renovated housing.

The purpose of the pilot project is to see whether it is feasible for CMHC to provide professional inspection services for houses that are being renovated under the RRAP program, as well as for new houses that are not built under provisions of the NHA.

As you know, new housing financed or insured under the NHA does not pose a problem in this regard, since CMHC inspectors automatically provide inspections at various stages of construction.

The problem, where it exists, is three-fold:

First, most builders put up homes under the industry-sponsored Home Warranty Program, which commits them to make good on any structural faults or deficiencies that may later appear. Naturally, they would like to have professional inspection services available while the house is under construction, so any potential problems can be detected and attended to immediately.

Second, the RRAP program is delivered by agencies other than CMHC, usually the municipality. This program requires at least two, and sometimes three or more inspections, before the full loan payment is made. The municipality is responsible for providing the inspection services.

Third, professional inspection services of the technical nature required are often limited or non-existent in many areas, especially in small or rural communities.

The pilot project in Nova Scotia makes CMHC inspection services available both for new houses that are not built under the provisions of the NHA, and for house renovations undertaken under the RRAP program.

If this project indicates that CMHC can perform a valuable service by undertaking these additional inspection activities, we will give careful consideration to providing the service in other communities across Canada, wherever required.

I wish to emphasize, however, that it is not our intention to compete in any way with private or existing municipal inspection services. Any procedure we follow will be designed only to fill a need that cannot profitably be met through existing services, and only if we are requested to do so.

I'd like to take a few minutes to talk about the housing market during the decade ahead. We know that it will likely undergo significant changes, and we can make some educated guesses about the nature and the scope of those changes, based on known facts or reasonable surmises.

For example, Canada's population over the next decade is expected to grow at the rate of about one per cent per year. Variations in immigration could affect this rate, of course, but not substantially.

The present trend towards population movement from Central Canada to the West will likely continue, while the population in many large centres should stabilize or even, in some cases, decline.

The changing age structure of the population as a whole -- reflecting a higher proportion of older people -- will also have a significant effect on housing trends.

The age group between 35 and 44 in particular will be significant, because historically more than 70 per cent of this age group have been homeowners. This segment of the population will grow by an estimated 1.2 million over the next ten years or so. Based on the 1976 pattern, some 810,000 of these people -- in couples and singly -- should move from rental housing to ownership over the period. Another 2.2 million will very probably be seeking their second or third home to buy, based on past mobility trends.

Another important factor is that, because the rate of marriages has been steadily dropping, there will be almost a million fewer people in the prime household-forming age groups over the 1980's.

Clearly the nature of demand for new housing is going to continue to change in significant ways. Many people will no doubt still be content to live in the suburbs or farther out, but a great many will, I think, be more attracted to the central city areas and to areas with special amenities, with plenty of action, even if this means much smaller lots and, possibly, less interior space. The conservation of energy will be an important factor, as well.

This would indicate a trend towards housing that by previous standards might not be considered suitable for middle-income accommodation. We have to keep in mind that our housing stock, particularly within the city area, is aging. Today, almost one-and-a-half million homes are over 50 years old. Another half million will reach that age during the next ten years.

These homes will obviously require a good deal of renovation and modernization in order to provide attractive accommodation. In fact, already some 700,000 dwellings in Canada have major deficiencies that should be attended to.

There is no question that the renovation and repair of existing housing is going to be an important factor in housing during the 1980's, along with an increasing trend towards city living. This will undoubtedly affect the nature of the housing market, at least in urban areas.

I'd like to conclude my remarks today by giving you a brief shopping list of the broad objectives for CMHC during the next ten years or so. They are all tied in with the Corporation's general mission, which might be stated as "to support the provision of adequate housing, with basic community services, which can be afforded by all Canadian households".

The broad objectives, briefly stated, are these:

To ensure a competitive mortgage insurance industry, and to provide leadership to this industry in support of public policy objectives;

To support the provision of housing where mortgage insurance alone is inadequate;

To directly assist Canadians whose income is insufficient to gain access to and maintain adequate housing;

To promote the rehabilitation of substandard housing;

To encourage the construction of energy-efficient housing and the thermal upgrading of existing dwellings;

To support an acceptable quality of residential environment in the community;

And to support and conduct research and development into ways of improving housing and community conditions, to disseminate that knowledge, and to promote the adoption of tested technological and design innovations and standards.

I know that the various elements of the housing industry are giving a lot of thought to the problems of the 1980's, and I think it is important that a consensus on a course of action be developed. It is clear to me that it is becoming more and more important that all actors in the housing field -- all segments of the private sector, all levels of government, and third sector forces -- work even

more closely together in future than in the past. There should be a common understanding of the problems ahead and the directions that must be taken to find solutions.

In this connection, I'm very pleased to know that various segments of the housing industry are already beginning to plan a national conference on housing, to be attended by leaders in industry, government and the voluntary sector. Such a meeting, held in a climate of co-operation, would undoubtedly help to determine the initiatives necessary to handle the problems of the future.

I'd like to thank this Institute for giving me the opportunity to talk to you today, and I hope I have given you some idea of our concerns, our activities and our plans in the field of housing, not just for today, but for tomorrow as well.

Remarks by the Honourable Paul Cosgrove

Minister Responsible
for Canada Mortgage and
Housing Corporation

Discours de l'honorable Paul Cosgrove

ministre responsable de la
Société canadienne d'hypothèques
et de logement

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NOTES FOR REMARKS BY
THE HONOURABLE PAUL COSGROVE, P.C., M.P.
TO
THE ASSOCIATION OF ONTARIO
HOUSING AUTHORITIES

WINDSOR, Ontario

September 22, 1980.



Canada Mortgage
and Housing
Corporation

Société canadienne
d'hypothèques
et de logement

I want to thank you for the invitation to join with you today. It's an excellent opportunity for us to exchange ideas and get to know one another a little better -- although I see a few familiar faces as I look around me.

In the past six months, I have really come to know the meaning of the expression: "Baptism under fire", having gone directly into the Cabinet with no previous experience in Parliament.

I assumed two onerous portfolios -- as Minister in charge of the Canada Mortgage and Housing Corporation and Minister of Public Works, which includes added responsibility for the National Capital Commission.

However, I feel my personal experiences as well as my years in local government prepared me considerably for these responsibilities.

I have lived in a variety of communities, from a small planned town of 2,000, to the larger city of Thunder Bay. In addition, I studied both at the University of Toronto and Queen's University in Kingston, Ontario.

More recently, I have been living and participating in the administration of Canada's fifth-largest municipality. Scarborough has been growing for the past 30 years, including the nine years I was on Council, at the rate of 5,000 to 6,000 housing units a year and we expect it will do so for the next 20 years.

My years in municipal politics afforded me the opportunity of seeing many Government-CMHC programs and policies tested in various communities, for good or for bad.

I also came to appreciate the many challenges of providing public housing in the Province of Ontario. Yours is a tough job -- at times it must seem a thankless job -- but it is one that is a credit to the whole community.

And your reputation for competence and valuable service to your community is undisputed.

As the Minister responsible for housing in Canada, I too face a number of challenges, with public housing being just one of many.

The whole field of housing, as we all know, faces continuing challenges. I am charged with the responsibility of testing and exploring the appropriateness of the role of the Federal Government and weighing the many requests for renewed government intervention.

We have learned through past experience that too much government intervention in the marketplace results in overproduction and we have to tailor-make our response to avoid this.

We hope thereby to eliminate the rollercoaster effect of past efforts, where the rapid escalation in housing starts inevitably led to an equally rapid descent into over-supply.

Of course, any response we make must take into account the present deficit the government is faced with and the projections for other demands on the Federal Treasury.

I have made recommendations to my Cabinet colleagues, and in particular the Minister of Finance, on a number of specific programs which, though modest, I feel would address the slack production of multiple housing.

My first six months as Minister responsible for CMHC has given me the opportunity of not only looking back at what the Corporation has been doing, but of looking forward to the direction we'll be taking in housing as we enter the new decade of the 80's.

I'd like to take a few minutes here to comment on some of the factors that are bound to affect the housing industry in coming years.

ENERGY, for example.

During the last 10 years, Canada's investment in housing was about twice as much as its investment in energy development. In coming years, this situation is expected to reverse.

This will create an increasing demand for capital to develop energy resources and could mean continuing upward pressure on mortgage interest rates.

We have to keep in mind as well that energy development and associated construction projects could have a disruptive effect on the supply of materials and skilled labour.

If so, special measures will have to be taken to retrain people from other fields or attract skilled people from other countries.

Changing demographics are telegraphing that the nature of the demand for new housing is altering. Increased travel costs connected with suburban living has already begun to compel people in some communities to look for housing in the central areas of cities, even if this means much smaller lots

Smaller families and the increasing median age of the population are also factors, as is the fact that more and more young people are moving into places of their own rather than staying in the parental home until marriage.

In my opinion, the most significant segment of the housing market that will play an increasingly important role in years to come is rehabilitation -- the renovation and repair of older homes.

Today in Canada, almost one-and-a-half million homes are over 50 years old. Another 500,000 will reach the half-century mark during the next 10 years.

A recent CMHC study indicates the potential market for such work could amount to as much as \$230-billion -- a staggering potential for the housing industry.

I have urged the housing industry to grasp this opportunity to take up the slack caused by the declining demand for new housing.

In my view the rehabilitation market is as important to the housing industry as the small-car market is for the auto industry.

The problems of the 1980's and beyond have been given a great deal of thought and attention by various elements of the housing industry.

It is becoming increasingly apparent, however, that we have to focus our combined resources to an even greater extent in order to serve most effectively the people of this country in the years ahead.

In this connection, I am most pleased that a National Housing Conference, sponsored by the Canadian Real Estate Association, will take place in November in Ottawa.

This conference will be attended by leaders in industry, all levels of government and the voluntary sector.

To my way of thinking, those of us concerned with the future of housing in this country have never had a better opportunity to sit down together to get a handle on the inventory of housing stock, to gather intelligence on the state of the art and to come up with solid proposals for the future.

Discussions will cover a wide range of subjects, including the expected pattern of future housing demand, the potential of residential rehabilitation, desirable government support initiatives, the rental market, the capital and mortgage markets, technological change and a number of other subjects that will determine the shape of things to come.

I hope that your association will provide input to the Conference in your areas of concern.

I have talked to you today about my responsibilities across the total spectrum of housing. As I indicated, I have additional responsibilities for Public Works and the National Capital Commission.

I would like to conclude my remarks by commenting on my wider role as a member of your government, particularly as it relates to the upcoming session of Parliament.

As you no doubt are aware, Cabinet has decided that an early recall of Parliament is necessary to begin to deal with the Budget, energy and the constitution.

With regard to the constitution, I persisted in running for federal office three times before being elected because I was deeply concerned about the threat of René Levesque and the Parti Quebecois destroying Canada.

I was relieved that Quebecers said in the referendum that they were Canadians first. On the other hand, I and many others who took part in the referendum committed a renewed federalism.

Unhappily, as I participated in the First Ministers Conference in Ottawa, I was convinced that Mr. Levesque constructed a spider's web into which at least three of the other provincial premiers were drawn.

They somehow forgot, it seems, that the objective of the Parti Quebecois is to withdraw from Canada. As a result, Mr. Levesque must be exceedingly pleased that the impasse at the conference resulted in no movement towards a renewed Canada.

I am convinced that the time is now to move for a "Made in Canada" constitution, which gives citizenship to people in the whole of Canada and not just in a particular province.

As a minimum, Canadian citizenship should include the right to be free anywhere in Canada to live, work and own property.

I want to thank you once again for the opportunity to meet with you today. I wish you well in the worthwhile tasks you have ahead of you and I am confident that you will continue to carry out these responsibilities in the competent and conscientious manner you have demonstrated in the past.

I also appreciate your forbearance in allowing me to introduce my comments on a matter that is of the utmost importance to all of us as Canadians. Upon its outcome depends the kind of country we will build for the future.

That is why in conclusion that I assert my support for Prime Minister Trudeau's view that Canada is not merely an association of provinces, as some of the premiers would have us believe, but a free association of people across the width and breadth of the Canada that we now know.

Remarks by the Honourable Paul Cosgrove

Discours de l'honorable Paul Cosgrove

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THE HONOURABLE PAUL COSGROVE
MINISTER OF PUBLIC WORKS
TO NEWFOUNDLAND & LABRADOR
FEDERATION OF MUNICIPALITIES

ST. JOHN'S, NEWFOUNDLAND

OCTOBER 11, 1980



Canada Mortgage
and Housing
Corporation

Société canadienne
d'hypothèques
et de logement

I had a sense of déjà vu as I walked in here today. As Mayor of Scarborough, Ontario for three terms, I attended a number of gatherings similar to this, both as a Director of the Association of Municipalities of Ontario and of the Federation of Canadian Municipalities.

Altogether, I spent nine years in municipal politics and this experience left me with not only an understanding of the importance of conferences such as this one, but also a great deal of respect for the dedication with which politicians at the community level approach their responsibilities.

My municipal experience also proved invaluable when I was appointed to the Cabinet shortly after my election to the House of Commons earlier this year.

I assumed two onerous portfolios -- Minister of Public Works, which also includes added responsibility for the National Capital Commission, and Minister in charge of the Canada Mortgage and Housing Corporation.

One of the first challenges I took on, because of my awareness of the severe financial restrictions under which municipalities must function, was to introduce the new Municipal Grants Act 1980 under Bill C-4 in the House of Commons and to

supervise and monitor its progress through the various proceedings of the Standing Committee and the three readings in the Senate.

I notice that the Grants legislation is on your agenda, so I won't go into great detail on it here.

I would like to say, however, that I engaged in more than a little arm-twisting to get it through on my first attempt during the Spring Session, since it had been presented on two other occasions prior to my appointment to the Cabinet.

In retrospect, I'm thankful that we didn't wait until now because the sensible way in which the Minister of Finance, a frugal Maritimer, is approaching the forthcoming Budget in these times of restraint, he will not likely be that disposed to make additional grants to either of the other levels of government.

Turning to my responsibilities in the field of housing, I feel my personal experiences as well as my years in local government helped prepare me for the job at hand.

I have lived in a variety of communities, from a small planned town of 2,000 to the larger city of Thunder Bay, Ontario. In addition, I studied both at the University of Toronto and Queen's University in Kingston, Ontario.

More recently, as I mentioned earlier, I have been living and participating in the administration of Canada's fifth-largest municipality. Scarborough has been growing for the past 30 years, including the nine years I was on Council,

at the rate of 5,000 to 6,000 housing units a year and we expect it will do so for the next 20 years.

I realize, however, that this is a relatively unique situation caused mainly by the fact that Scarborough is virtually the last area of Metro Toronto with land available for new housing initiatives.

One of my main concerns from a national perspective is the state of the housing market, which has been soft for some time in most parts of Canada.

It appears, though, that the trough in the downcycle is now in sight and housing starts should begin to pick up early next year.

One encouraging sign is that starts in September show that the seasonally-adjusted annual rate has rebounded to 166,500. This is a welcome increase over the experience of the past six months where the range has been anywhere from a low of 125,000 in June to 145,000, increasing in July and August.

Newfoundland housing starts in 1979 numbered about 3,000, which was an increase of almost five per cent over the previous year.

This year, starts will increase by another 10 to 12 per cent, to between 3,300 and 3,500. The projection for next year is about 3,700.

This latter figure could be somewhat higher, depending

on the extent of the impact that oil and gas exploration in this province will have on the demand for housing.

CMHC's earlier population predictions for Newfoundland indicated a fairly steady growth pattern of about 5,000 people a year. In St. John's itself, CMHC was projecting an increase of about 34,000 people within the next ten years, to a total of about 187,000.

These figures are now considered to be on the low side, because we know that the exploration and development of oil and gas are bound to accelerate migration to this province.

Already, the rental market in St. John's, as all of you know, is extremely tight. At the end of July, the vacancy rate stood at .7 per cent, which translates into only 30 out of a total of 4,244 rental units of housing.

With increased activity in off-shore development, demand for rental units will undoubtedly increase dramatically. Fortunately, the availability of land and funds can support expanded housing construction.

I believe the new approach of St. John's to rental taxation could well be an important stimulus to apartment construction. The conversion of the rental value taxation system into a capital value system will undoubtedly make rental properties more financially viable and the City Council is to be congratulated for its foresight in making the change.

I am pleased that CMHC, over the years, has been able

to assist in the development of many Newfoundland communities through a variety of programs, with water and sewage providing a good example.

Well over 160 water and sewage treatment projects in the province have received federal assistance through forgivable loans, loans at a very favorable rate of interest and grants where they were appropriate under terms of the legislation.

The total federal outlay was \$32.9-million, of which more than \$10-million was in the form of forgivable loans or grants.

The sewage and water treatment programs recently became part of the comprehensive Community Services Contribution Program, as you know. Under CSCP, Newfoundland was allocated \$4.2-million for projects during the first program year, in 1979, and a further \$6.9-million for second year projects.

The 1979 funds are assisting 51 Newfoundland communities with some 57 projects. The list of 1980 projects has not yet been submitted.

As you are aware, the CSCP program is under review at the moment and my objective is to have it extended for at least another year.

I am urging that at the very least, some alternative to federal involvement be put in its place rather than terminating the program suddenly and conclusively.

In recent years, the Residential Rehabilitation Assistance Program has provided another excellent example of community support through federal funding.

During the last three years alone, CMHC has committed more than \$30-million of federal funds to Newfoundland for the renovation and modernization of some 6,500 older homes.

It's gratifying to know that so many older homes are being given a renewed life instead.

A CMHC study indicates that some 700,000 older dwellings in Canada have major deficiencies that should be attended to. About 45,000 of these are in this province.

A rich potential for housing renovation work obviously exists in Newfoundland, as elsewhere, and I believe that this sort of work will play an increasingly-important part in housing industry activities during the next several years.

I have urged the housing industry to grasp this opportunity to take up the slack caused by the declining demand for new housing.

In my view, the rehabilitation market is as important to the housing industry as the small-car market is for the auto industry.

But while I view the rehabilitation of older homes in Canada as an extremely important matter, there is a rehabilitation of another sort that is about to take place and it is critical to the survival of this country as we know it.

The first step in the rehabilitation program has been taken by Prime Minister Trudeau in his announcement ten days ago of our government's intentions for a "Made in Canada" constitution.

The prime minister described our plans in the words of Ontario's Premier Davis as the "first sensible steps to renew our unity and revive our nationhood".

He explained as well that for 53 years, we have attempted to free constitutional renewal and independence, which have been held hostage by the requirement that to do any of this, the unanimous approval of all First Ministers was required.

Our proposals for patriation with an amending formula will release us from this inflexibility.

Because of my legal training, I personally have been involved in the constitutional process for the past ten years.

As an individual, I made submissions early in the 1970s to the joint Senate-Commons Committee on the review of the constitution and, more recently, to the Task Force on Canadian Unity.

I also participated in submissions by the Association of Municipalities of Ontario and the Federation of Canadian Municipalities on constitutional reform.

In fact, with regard to the constitution, I persisted in running for federal office three times before being elected because I was deeply concerned about the threat of René Levesque and the Parti Québécois destroying Canada.

I was relieved that Quebecers said in the referendum that they were Canadians first. On the other hand, I and many others who took part in the referendum debate are committed to a renewed federalism.

Unhappily, as I participated in last month's Conference of First Ministers in Ottawa, I was convinced that Mr. Lévesque had constructed a spider's web into which at least three of the other provincial premiers were drawn.

They somehow forgot, it seems, that the objective of the Parti Quebecois is to withdraw from Canada. As a result, Mr. Lévesque must have been exceedingly pleased that the impasse at the conference resulted in no movement towards a renewed Canada.

Fortunately, our proposals for patriation of the constitution have finally given Parliament a path to lead us out of this stalemate to an exciting and challenging future as a truly independent country.

The Parliament of Canada is the one great democratic institution that represents all Canadians.

Just as any municipality must design guidelines for its social and economic future, the proposed Constitution Act contains a Charter of Human Rights guaranteeing freedom of conscience, opinion, assembly and the right to vote.

The Act entrenches the principle of equality before the law of all Canadians, irrespective of sex, color or origin.

It confirms and supports the rights of Canadians to move, to work and to live in any part of Canada and to have their children educated in either official language, where numbers warrant.

Finally, the principle of sharing or "equilization" is enshrined, as past generations of Canadians, native and pioneer, have shown in this vast country of ours that survival as a nation was built on this principle of generosity.

From a more pragmatic standpoint, you as municipal politicians know from your dealings with the private sector in the development industry that one thing industry complains of is that it gets caught in the clogs where government programs are not co-ordinated.

I think you can well understand, therefore, the attitude of other segments of the business community towards the determination of our government to rectify this lack of co-ordination as it applies to provincial boundaries.

I was happy to see, for instance, that Sam Hughes, President of the Canadian Chamber of Commerce, has applauded the charter right of free movement of labor within the country.

I share his sentiments that it would have been preferable to expand this concept of a Canadian common market to include the free movement of capital, goods and services.

But as Prime Minister Trudeau indicated, our proposals are only the FIRST sensible steps to renew our unity and revive our nationhood.

The thrust of the government intention is quite clear in its attempt to avoid further fragmentation of the Canadian common market.

Hopefully, those provinces which have established barriers to such a Canadian common market by preferential treatment to local firms in their government purchasing policies, or in their restrictions on land ownership to residents only, will embrace the wider Canadian context before too many more First Ministers' meetings go by.

I in turn applaud Mr. Hughes' courage in speaking out on the implications to the business community of the actions and policies of government.

The Canadian Manufacturers Association has also spoken out for the need to quickly assure a smoothly-functioning integrated common market for Canada.

Now is the time for more individuals as well as the business community to let their views be known on how they feel governments should be operating in this country.

I want to thank you for the opportunity of meeting with you today. I wish you well with the rest of your proceedings here and with the worthwhile tasks that face you when you return to your regular duties once this conference has come to an end.

I also appreciate your forbearance in allowing me to introduce my comments on a matter that is of the utmost importance to all of us as Canadians.

Upon its outcome depends the kind of country we will build for the future.

That is why in conclusion I assert my support for Prime Minister Trudeau's view that Canada is not merely an association of provinces, as some of the premiers would have us believe, but a free association of people across the width and breadth of the Canada that we now know.

Thank you again and I wish you and yours a very happy Thanksgiving weekend!

Remarks by the Honourable Paul Cosgrove

Minister Responsible
for Canada Mortgage and
Housing Corporation

Discours de l'honorable Paul Cosgrove

ministre responsable de la
Société canadienne d'hypothèques
et de logement

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MAR 3 1981

Speaking notes for
The Honorable Paul Cosgrove
Minister of Public Works
and
Minister Responsible for
Canada Mortgage and Housing Corporation
to
Annual Conference of
Saskatchewan Urban Municipalities Association
at Saskatoon, Saskatchewan
January 26, 1981



Canada Mortgage
and Housing
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Mr. Chairman, Your Honour, Mr. Minister, distinguished front table guests, ladies and gentlemen.

Thank you for your kind invitation to join with you in what I perceive, after the two speeches we have just heard, will be a worthwhile, fruitful conference.

Since accepting the responsibility of Minister of Public Works, with additional responsibilities for Canada Mortgage and Housing and the National Capital Commission, I have had the opportunity of meeting all of the provincial ministers responsible for housing as well as all of my counterparts responsible for the equivalent of Public Works.

And I have met a number of them on several occasions, as has been the case with your Minister, Mr. Smishek.

In addition, as Minister responsible for the NCC, I deal almost weekly, if not daily, with the Mayor of Ottawa, the Mayor of Hull and the Regional Chairmen for the area.

I recall the last engagement where I met Mr. Smishek, the weather was a bit more agreeable, but the visit was equally as interesting and challenging. It was, I recall, the final approval of a senior citizen project not too far from this location.

I have had the opportunity as well of meeting with other municipal groups and associations from other provinces across the country. I have met with individual local municipal elected representatives across the country and it's my intention as I exercise my responsibility to continue this kind of dialogue as was my practice in local politics since I think it is indispensable to the government process.

Turning to the body of my comments: Three days after I was sworn in as Minister responsible for CMHC, I had a call from one of the Ottawa papers and they said: "Have you read the Matthews Report and when are you going to privatize CMHC?"

I have with me this morning copies of that report and I am giving two copies to your president so that you may have it for your archives.

But in reference to the report, I think that the government before this present government and the Minister of Housing before me in the government of the Right Honourable Joe Clark, entering the responsibilities for the 80's and looking at the question of housing, did what I did -- which is to stand back and take a review of what had happened in the past to give them direction for the future.

And so a study was commissioned for the last government and that was completed in October of 1979 and presented to the former Minister and to the former government.

Let me tell you of the terms of reference of that study. On Page Two of the document, it states: "The Cabinet has directed that the Task Force study the potential for privatizing at least certain of the activities as opposed to privatization of the Corporation

as a going concern or encouraging the private sector to take a larger role in certain of the activities of CMHC."

The Task Force would focus on:

- a) Policy implication of privatization
- b) The legal and financial implications of privatization
- c) Alternate forms of privatization, and
- d) A proposed strategy and timetable for privatization

I must admit right at the outset, if you haven't gathered from my emphasis on the terms of reference and my emphasis on the word 'privatization', that when I finally did get to the report after it was leaked to me by the newspapers, I did have a prejudice against privatization -- we'd just gone through a campaign country-wide talking, for example, about PetroCan.

I had my doubts about the report, my feeling being that such a mandate from the top, without background work, might have led to certain assumptions having been built in.

Let's take a look at some of the recommendations under Section 7 which the Task Force under Mr. Matthews made to the former Minister of Housing:

- 1) Dealing with Public Housing: That the Government commence negotiations with the provinces with a view to eliminating subsidies in public housing by January 1, 1982.
- 2) Community Services: That the Government of Canada notify the provinces that the program will terminate as of December 31, 1980.
- 3) Residential Rehabilitation Program: That no further funding be considered for landlords until this section has been carefully reviewed.

4) Non-Profit and Co-Operatives: That funding be withdrawn from both the public and private non-profit and co-operative programs with the thought of developing a more efficient delivery system of benefits for low-income households.

In addition to that, the report touches upon the financial operation of CMHC and recommends privatization of the insurance portfolio, the insurance operation of the Corporation which has played a large role in providing millions of units of affordable accommodation to Canadians over the years.

I want to contrast this report with what has transpired in the eleven months since I was first given the privilege and the responsibility of the portfolio of housing.

My first action, scarcely a month after being given the job, was to say in response to those people who were in government programs such as AHOP that the government would act to protect them against high interest rates and we introduced the 30 per cent rule for this program.

Secondly, and once again in response to high interest rates, we convened a meeting with private sector money people -- banks, mortgage companies, etc. -- people who provide the funding for housing. And we've looked at an emergency plan in the case of interest rates going any higher than they were, although fortunately enough interest rates began to decline at that point.

The next step that I took was to increase, with the support of the government, an additional designation of 5,000 non-profit and social housing starts on top of the 25,000 that are designated annually by CMHC on a national basis.

We did this in response to the tightness of the market and in response to the perceived social need and the increase in that need.

We also increased the rules for qualification of candidates for the Residential Rehabilitation Program. And, in the budget introduced by Mr. MacEachen in the fall, the MURB provision was re-introduced in an attempt to increase the supply side in dealing with the problem of the provision of housing.

In the National Energy Policy, which was part and parcel of the budget presentation, the CHIP program was increased in funding from \$80-million annually to \$265-million annually to accelerate the provision of efficient and adequate housing design for homes built prior to 1961 in Canada.

And in the same vein -- the concern for energy conservation -- was the introduction of a subsidy of \$800 per unit on the conversion program to natural gas.

Finally, Mr. Chairman, I would like to draw your attention and to the attention of your executive and all the representatives here today to a provision of the budget which I think has not been widely identified and that is the provision called the 'Municipal Energy Management Program'.

This was a designation of \$20-million in co-operation with the provinces to assist the municipalities in encouraging people to achieve energy efficiency through conservation of whatever means.

That program has scarcely gotten underway, but I hope that your Association will let its members know about it. If I can be of any assistance, please let me know; I intend, with the Minister of Energy, to see that municipalities do benefit from that program.

So the 11 months have constituted a busy time. I would characterize the thrust of the government during that time as responsive to the social needs of the people of Canada and secondly, of course, towards our concern over energy conservation.

Returning to the matter of the Matthews Report, I would say that it does identify challenges not only to federal, provincial and municipal governments, but challenges to all of us as Canadians.

However, I don't think we need the report to understand that the demand for housing, on account of changes in family formation, a drop in immigration and other factors, is one that is universally **expected** to tail off in this decade.

I don't think I have to tell you of the problems occasioned by the movement of people within Canada. I was in Vancouver last week at this time, visiting with the mayor and the provincial Minister responsible for housing, and I saw evidence of the effect of an influx of a thousand people per week into that community -- the dislocation and the disruption caused by the movement of people such as that.

There is a problem of disparity inherent here -- a challenge that has not been identified, in my opinion, in our response in our programs thus far.

And finally, as I said to your executive when we met earlier this morning, housing was not one of the items on the agenda for discussion between the provinces and the federal government when we were taking a look at straightening out our relationships between governments last summer.

It wasn't one of the 12 items for discussion within the constitutional framework, but I think that its time has come and it will be a challenge for the governments to sit down and start talking about this subject.

In our response, the federal response to these challenges, you have seen two different approaches i.e. social concern and emphasis on energy conservation.

There are two constraints on me as the Minister and on this government. I think if you look at the last Federal campaign and look at the Speech from the Throne in April 1980, they're apparent.

The first is our concern that we address first people in greatest need in these difficult times and address their needs first.

The second constraint is one with which I'm sure you are too familiar and that is the need of restraint in government spending generally.

And so, in our economic program in this government, the Minister of Finance has indicated that it's his objective that the deficit of the government be reduced gradually.

So as the Minister with one section of responsibility in the social area of Cabinet, I recognized that if there are to be new

programs without new funding, it had to be as a result of programs being prioritized, of programs being analyzed as to their importance in the total scheme of things.

And so, we have a very difficult task for Ministers and for all government. As well, I had to be mindful of the party that I represent and of its political commitment, its philosophical commitment.

As an Opposition Party, for example, this government started work on the issue of affordability as contrasted with the question of supply of housing.

If we all recognize the downturn in terms of demand, I think it is quite apparent that affordability is a real concern -- and Vancouver again comes to mind, where the starting price of a single-family home is \$110,000 and where rents for a single bedroom start at \$600.

One of the ways in which to address that problem on a philosophical basis is to say perhaps we should be doing a fundamental turn in approaching people's needs in terms of income to go out and purchase their housing rather than being specific as we have in the past in producing programs and buildings and specific accommodations to serve certain segments of the community.

These are, I think, challenges, as I've said, for all levels of government.

I was very pleased to see in my discussions with industry representatives through the past 11 months that the industry has taken the lead and has convened, through the Canadian Real Estate Association, a National Housing Conference to be held early in March in Ottawa.

I'm told this morning that the Federation of Canadian Municipalities have had input in terms of design of the agenda -- an agenda I hope will give Canadians interested in housing from all sectors the opportunity of addressing just some of the things that I've talked about; the challenges of the 80's.

And as I indicated to your President this morning, I know that your association will have input into the deliberations of that conference.

The conference will assist the federal government and all governments in coming to grips with the challenges of the 80's and the respective roles of the levels of government.

Getting back to the Matthews Report, it's my opinion that that report and the last analysis of the last government suffered because it didn't seek wide enough input into that kind of decision-making and so, as I say, I'm pleased to see that in addressing the needs of the 80's, we're taking a long look and a wide look at the problems.

I noticed, Mr. President, in your invitation -- and you've seen in my responses to many of the municipalities -- that the question of the Community Services Contribution Program is a major issue; one that touches upon the large problem of the position of the government as we approached the whole matter of housing and where our priorities could be and how we would have to respond.

I wasn't unmindful of the challenges, of the impact upon municipalities, created by the termination of this program. I had discussed the matter months ago with the Housing Ministers and with

many of the associations of municipalities, but there was the challenge of limited resources and a strong demand for these resources.

I'll give you a few comments about CSCP to tell you my thinking as I went through our existing portfolio.

On a national basis, the program was used for recreational purposes and that's what it was designed to do. I was a mayor when that program was designed and I sat on the other side of the table when the federal and provincial governments combined a number of programs into the Community Services Contribution Program.

I know what it was designed for, but circumstances have changed. I find it difficult, for example, to say that we should be supporting soft services when I look at the pressure for federal support of housing needs of all kinds across this country -- and I'm talking about low-income families, public housing, native and rural housing, a whole range of housing.

And 50 per cent of that program went towards soft services.

I can tell you as a former mayor as well that I know that even with the hard services, when the money goes to water and sewer, it is not directed exclusively towards housing.

You know as well as I do that the infrastructure serves not only housing, it serves commercial, it serves industrial, it serves institutional.

"Well, why not?" you might say. "That's good."

And I agree, except that with the responsibility to address people's housing needs, we as a government were required to take a look at what was our most effective response with our limited

means of meeting those many needs.

Many people will ask, Mr. Chairman -- as you did this morning -- how a former municipal politician with my municipal background can ask the provinces and municipalities to shoulder more responsibility at this time.

They will ask whether I have a serious reason, and I do.

And interestingly enough, I had the opportunity Saturday evening in Toronto of hearing Mr. Romanow the Attorney General for Saskatchewan speak to the Ukrainian Committee.

He spoke about the question of Canada, the role of the provinces in Canada, the prospects for Canada. And he used a figure of speech which I thought was a good one.

He described Canada by using the symbol of a string of pearls. The point he was making is that of course we Canadians are gathered from coast to coast within a hundred miles of the American border. It's a string . when you consider the depth of the country and the few people who inhabit our far north.

And, of course, the point that the Minister was making was that he's proud of his particular pearl; he's proud of his riding, of his city, of his province being part of a larger string of pearls.

And I think that's valid and I understand that cities, towns, villages, municipalities are part of the lustre, the shine of our string of pearls, even in the context of combining both federal and provincial in that figure of speech.

What is the role of the federal government in that string of pearls? I think that the federal role is one that combines to keep the pearls joined to one another -- to keep the provinces and the municipalities together to enjoy all the things we have in common.

And I think it's equally important to consider the hazards should that federal role be loosened and the pearls fall willy-nilly. It's one of the reasons why I'm a federal politician today.

I think that if the pearls were allowed to fall willy-nilly Uncle Sam would probably say that those are lovely pearls.

One of the reasons I took Mr. Romanow's symbol and why I'm using it today is that this government has already faced a challenge to being the common element in that string of pearls in the Province of Quebec.

We had to respond politically to a political situation and we were successful.

We are now responding to an economic situation and the federal government has to have the means, it has to have the ability, just as the pearls have to shine, to hold the pearls in place with a strong and enduring centre string..

Otherwise the symbol of the string of pearls is one that won't be of any lasting use.

So I was happy to hear Mr. Romanow with this illustration; I thought it was a good one. Especially in light of the fact that as mayor, I talked about many of the projects in my municipality as being gems.

In closing, Mr. Chairman, ladies and gentlemen, what I'm saying to you is that the federal government faces challenges both at the political and economic level.

What is important is that we understand each other and the responsibilities each of us has. The only way we can do this is through open and frank discussion and we as a federal government are more than willing to participate in such a dialogue.

Thank you very much.

Remarks by the Honourable Paul Cosgrove

Minister Responsible
for Canada Mortgage and
Housing Corporation

Discours de l'honorable Paul Cosgrove

ministre responsable de la
Société canadienne d'hypothèques
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NOTES FOR AN ADDRESS
BY
THE HONOURABLE PAUL COSGROVE
TO
THE ANNUAL CONFERENCE OF THE
HOUSING AND URBAN DEVELOPMENT
ASSOCIATION OF CANADA

"HOUSING AND COMMUNITIES IN THE 1980's -
NEW OPPORTUNITIES FOR THE BUILDING INDUSTRY"

MONTREAL, QUEBEC, 2 FEBRUARY 1981



Canada Mortgage
and Housing
Corporation

Société canadienne
d'hypothèques
et de logement

Ladies and Gentlemen

Over the past 11 months I have had the opportunity to discuss matters of common concern with many of you, and I'd like to express my appreciation for the direct and frank manner in which you and your organization have expressed your views.

I may not always have agreed with your positions, but I have been given a clear understanding of your problems and your views. That in itself will be of incalculable assistance to me in considering housing legislation.

We have developed a good and open relationship. I value that, and I will do everything possible to ensure that it continues.

There are signs that the long period of decline in the building industry is moderating, and that we can look ahead to a period of recovery.

I'm sure you're aware that the recovery will not be swift or dramatic, since some of the basic causes are still with us.

Interest rates are still high, and will likely remain at a level that is much higher than we are used to. Recessiary conditions remain in Canada as elsewhere, and there does not appear to be much relief in sight during 1981.

However, there is every reason to believe that, in residential construction, the trough has been reached, and the number of starts this year is expected to increase by some 20 to 25,000 over last year. We expect a further increase during 1982.

The reason for this prediction is largely that the supply-demand situation has over-corrected itself. As both construction and inventories gradually declined during the past four years, an unfulfilled need has developed that can only be met by increased housing production.

We feel very strongly that the proper balance of supply and demand will be reached if we allow market forces to operate normally.

There has been pressure on the Federal government to introduce some form of assistance to support the housing market.

The position of the Government on this has not changed. We are holding in reserve a program to help those few whose payments would exceed 30% of income, in the event a sustained surge in mortgage rates should take place.

We reinstated the special CCA because, in a number of communities, the vacancy rate is negligible and, because of a low rate of return on investment, rental construction was inadequate. This is only a temporary measure, however.

Ideally, the production of rental units should be profitable once again without the need for government assistance in any form. Otherwise, we bear the risk of a permanent government subsidy, and I'm sure all of you will agree on the undersirability of that.

We are currently pursuing a strategy intended to smooth the process toward a realistic market. The MURB measures, as well as our recent commitment to 5,000 units of rental housing for low income people, are part of that strategy.

This is a necessary period of fiscal restraint; the funds simply are not available to provide subsidy assistance, either through tax measures or outright budgetary expenditures.

Another most important consideration is that part of the trouble we are in now results from the Federal response to the problems that beset the industry during the early 1970's. As all of you are well aware, programs such as AHOP and ARP provided such stimulus that the industry over-produced while numbers of home buyers over-extended themselves.

You know the result. The unprecedented volume of defaults has put extraordinary pressure on the Mortgage Insurance Fund; we want to avoid any repeat of this sort of situation in the future.

We are not by any means abandoning our traditional forms of assistance where it is obviously necessary.

We are going to continue the social housing programs in existence to help lower income people who require assistance with their housing needs. This includes programs for rural and native people.

As I will discuss in a minute, we are also giving very serious consideration to housing allowances. We feel these might more effectively meet the needs of people of low income.

These initiatives, however, are directed exclusively toward those people who are not adequately served by the operation of market forces. We believe that the best interests of most Canadians, and of the housing industry itself, are best served by relying on the normal operation of the market place. We do not feel that Federal intervention is advisable or desirable at this time.

With these remarks about the immediate situation out of the way, I would like to talk with you about long term directions and opportunities for the industry and I would like to discuss how we can better collaborate on what needs to be done. We are just a month away from one of the most important single events

in the housing field in a long time, the National Housing Conference, to be held March 6-8. I hope that the themes which I will sketch out today can receive more detailed attention there.

The National Housing Conference will be an especially useful forum to debate the merits of a housing allowance program. But I believe it is desirable to discuss some of its implications with you today.

The idea is to help renters who would otherwise have to spend 40-50% of their income on housing, to spend a more acceptable proportion by bridging a large part of the gap with public funds. People could stay right where they were in private accommodation, or else move, within reason, to something more adequate.

In 1978, my predecessor, Mr. Ouellet made reference to the idea of such an allowance in a speech to this organization. While some further thought has been given to it since he first suggested serious study, it is not yet a fully developed proposal. But I hope that current efforts being conducted by the various Federal departments and agencies most concerned will lead to specific ideas for Cabinet to consider.

One of the most important questions is how it would be phased in. It might apply to everybody at once and pay a gradually increasing amount of the gap between rents and incomes. Or else, it could cover different need groups one at a time: the elderly, single parent families, the disabled, families with children, single persons under 65 and so on.

A housing allowance is not a panacea. It cannot, all alone, provoke an adequate supply of reasonably priced rental housing. It does have the potential to result in some additional repair and rehabilitation of rental housing. But, unless carefully introduced, it could simply help push up rents even more. It is among the most acceptable ways of giving appropriate benefits to Canadians in undeniable need. Taxpayers are likely to feel that such aid, with the assurance that it will be well spent on a basic necessity, is a legitimate use of their money.

For the reasons I have just indicated, the introduction of a housing allowance program does not mean that other types of programs will disappear. They may be required at a reduced scale in some instances

... or some of their criteria may need to be modified accordingly. But we still need concerted efforts to upgrade the existing stock; we still need new housing construction in areas where the private market cannot operate effectively; we still need housing geared to special needs.

What does a housing allowance program mean for people in the residential construction industry?

Well for one thing it means that, in contrast with such countries as Britain, there will be a public commitment to a viable private rental sector. The temptation to try to supplant privately owned by publicly owned stock will significantly diminish. A housing allowance means that primary reliance will continue to be placed on the private sector to meet the housing needs of Canadians.

Those of you who undertake rehabilitation work to bring rental properties up to standard would find that more people would afford the rents that result; fewer would have to move out. But those who try to keep substandard housing on the market may find it tougher to do so.

In very few, if any, markets is a housing allowance likely to make new construction of rental housing possible on its own. But it may help to fill

some older projects so that you can free up cash to put into new ones. It may help as well, to reduce the pressures to retain rent controls.

Those exclusively engaged in the production of housing for ownership may have some worries about anything that makes staying in rental units more attractive. I can only say that we are talking about two quite different types of clientele here. Those who receive a housing allowance will be a long way from being able to contemplate homeownership, especially at today's interest rates. The Canadian tax treatment of owners is still favourable in comparison with the treatment of renters in any case. Figures published in December, 1980 by the Department of Finance show that \$8.5 billion of tax-free benefits passed to Canadian homeowners during the past year alone. You are perhaps familiar with the stories that many workers in Vancouver are currently making more on their homes than they are at their jobs.

Finally, you may ask whether additional public expenditure on this new form of income support will not add to the deficit and to fuel inflation. There is no doubt that in the short term, more public funds will be involved. But when the longer term costs of housing allowances are compared with the costs of trying to solve the problem with current program

techniques, the differences are startling. As you can imagine, it is very expensive to try to place the lowest income people in the newest rental housing, often built at a premium above private costs. Current techniques alone simply cannot do the whole job.

I would like to discuss next a future thrust with direct benefits for you...the use of current NHA programs to help expand and exploit the markets of the 1980's.

Economic theorists like to describe what goes on during periods of recession as "industry adjustment". "Yes", some of you may say, "we are being adjusted right out of business". The fact of the matter is, though, that "industry adjustment" also involves the entry of new firms into the market, often different kinds of firms with different markets. I would just call to mind the vast, virtually explosive growth during the past two or three years of outfits in the home insulation business. I would mention the very substantial growth in the production of new homes for second and third time buyers, with a quite new package of amenities and qualities. Finally, I would note the very considerable increase in the home extension and additions business.

You people in the industry have already started well along the road to new responses to the kind of market we now have and the ones we can foresee in the future.

This is great. Nothing the Federal Government does should hamper these efforts. Today I want to discuss with you three thrusts that would help sustain your work and also further the work we are all here for, the provision of better housing for Canadians.

These are:

- o the construction of more energy efficient new housing;
- o the quality rehabilitation of existing housing;
- o the rejuvenation of the stock of social housing;

As you are probably aware, NHA financing after July 1 of this year will be restricted to new construction which meets the "Energy Measures" developed by the Associate Committee on the National Building Code.

CMHC will be doing its very best to help you build to these standards, showing practical examples of how they can be met with minimum disruption to your established techniques. Some changes will undoubtedly be required, especially to improve air tightness. Your own Energy Saver program will be invaluable in helping promote the Measures.

Incidentally, I'd like to draw your attention to the excellent CMHC display in the Exhibit area on the energy measures. This, I think, tells the whole story very clearly.

In addition, I am pleased to announce that the 1981 budget for the Housing Technology Incentives Program is being doubled. This program helps practical problem-solvers in the building industry itself to develop and apply new solutions to housing problems. Almost 70% of the funds are currently going to help entrepreneurs and other private sector people working on answers to energy problems in the residential field.

Turning now to the question of rehabilitation, I would like to say that I believe recognition of this market has grown amazingly over the past year. Your own organization and many others have really put your shoulders to the wheel.

I don't for a moment believe that I am being overly dramatic when I compare the rehabilitation situation to that which the North American car industry finds itself in today.

Rehabilitation of existing stock is to the future of the housing industry what the small car market was to the auto industry a few years ago.

Unless you are geared to participate heavily in this area, you will be missing the boat, much as our car manufacturers did by ignoring the Cassandras who warned them years ago that the time was upon them to look to the small car market as the solution to the energy shortages we are now experiencing.

CMHC has not been idle here. For example, beginning in April, the Corporation will publish on a regular quarterly basis more detailed statistics on the size of the home renovation market.

A major training program is also being developed, and with your help it will soon be entering the marketing stage. This program was originally designed for municipal officials and others engaged in the enforcement of standards and the delivery of the Residential Rehabilitation Assistance Program, which has now been in operation for seven years. But I

believe that with your participation, the users can be readily widened to rehabilitation contractors and project managers as well. I hope that you will nominate interested HUDAC members to work on the course development advisory group.

The renovation and redevelopment of the social housing stock brings together both energy efficiency and rehabilitation aspects of housing in the 1980's. In some cases, project redevelopment is also a possibility.

I would like to say first of all, that by various means, the social housing stock has now grown to substantial proportions. As of the end of 1979, it totalled nearly 400,000 rental and cooperative units constructed or acquired under various loan and subsidy arrangements over the years. Virtually all of this stock will, during the next ten years require significant upgrading work.

Of particular and first priority interest to me is the older stock of housing which is jointly owned by the Federal Government and the Provinces -- a stock of some 9,600 units constructed before 1960. Much of this stock suffers from problems of physical condition, and lack of community integration. I believe, and I know that some of my provincial counterparts believe,

that now is the time to act in a comprehensive fashion on this stock, before the subsidy bills for it have gone right out of sight. I believe that a comprehensive action program should follow five major principles:

- o it should make maximum use of private sector resources and expertise;
- o it should try out in a practical way a number of new techniques, especially the management of large scale rehabilitation projects;
- o it should be concentrated on items with a rapid payback in terms of cost savings;
- o it should focus on the more effective integration of these projects with their surrounding communities;
- o it should be carried out in close consultation with present tenants, minimize disruption in their lives and increase the overall quality of life in the projects.

To give you an idea of what could be in this for you, based on a pilot project now getting underway in Regina, there is at least \$156 million worth of work to be done on the units I have mentioned -- \$43 million

in new construction and \$113 million in rehabilitation. This leaves aside the work which could be considered on many others of the 390,000 units, some of it large scale and some concentrated on a few basic deficiencies with a high return.

The bottom line is this: we have a substantial job to do together in making sure that we have a safe, livable, and energy efficient housing stock. CMHC is ready to work with you and with the provinces on the whole question. I hope you will be able to make the most of these opportunities:

- o that you continue to support and indeed, reinforce a strategy to achieve the kind of energy-efficient housing we want;
- o that you participate in the development of training for an expanded renovation industry adapted to the needs and realities of the 1980's;
- o that you join in the development of a strategy aimed at a concerted and mutually profitable effort to renovate and redevelop in a sensitive way the existing social housing in Canada.

Let me turn, in conclusion, to the question of mortgage insurance and the financial arrangements of CMHC. This subject has received much press coverage since early in 1979, when the rate of mortgage defaults began to skyrocket. The Mortgage Insurance Fund, which receives the premiums from NHA loan insurance, was established in order to meet just such an eventuality. During more normal times, the mortgage insurance business is a predictable and fairly profitable one. In the past, had we not experienced the very combination of circumstances we have lived through in the past two years, we might even have forgotten why we had a big insurance fund at all.

As I have noted, difficult economic times have precipitated a major problem, in particular for loans under the Assisted Home Ownership and Assisted Rental Programs. Without those programs, the volume of claims would still be above average, but it would be manageable within the reserves of the Mortgage Insurance Fund. As it is, CMHC has had to make use of a provision of the NHA to borrow over \$200 million from the Government of Canada to pay lender claims against the Fund.

An independent review has been undertaken of the Fund's assets and liabilities. It could be approaching a point in the next few years where it may be short of the money needed to pay future claims, unless immediate steps are taken.

The main reason for this situation is not difficult to find. When the Mortgage Insurance Fund and the profits of CMHC seemed more than adequate, there was no reason to change apparently workable approaches, even when greater risks were to be borne.

In addressing these problems, I had three options to choose from -- to get out of the mortgage insurance business entirely, to dramatically restructure the relationship between the Corporation and the Government, or to make the necessary changes in the financial framework and ground rules of the Corporation as it stands, to assure its long term viability.

I have chosen and will be seeking Cabinet approval for the last of these options. It seems to me that now is not the time to introduce dramatic changes in Canada's mortgage market or its underpinnings. Yet I am determined that CMHC will compete fairly with the

private mortgage insurers, that its Board of Directors and management will be able to take sound underwriting policy decisions, and that its full cost to the public will be clear for all to see.

I think there is a substantial consensus on the following points:

- o we should return to a self-financing Mortgage Insurance Fund;
- o we should eliminate the subsidization of one aspect of the Corporation's business from earnings on another aspect;
- o we should clarify accountability, so that the Corporation's Board of Directors determines fees, premiums, and types of risks to be underwritten, and how claims are to be settled, working within similar rules to those which govern private insurance and also within the policy objectives of the Government.

If all of this seems a trifle abstracted from your daily business, let me say that I hope and expect that the end result will be a public corporation even more responsive to the private market place. If you have a type of financing you want, suited to a particular project or market, CMHC should be able to decide to give it to you.

I will look forward to hearing from you on all these matters in the weeks ahead. Best wishes for productive sessions here in Montreal.

Remarks by the Honourable Paul Cosgrove

Discours de l'honorable Paul Cosgrove

Minister Responsible
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Speaking Notes for
The Honourable Paul Cosgrove
Minister Responsible for
Canada Mortgage and Housing Corporation
to
The All-Sector National Housing Conference
Ottawa, Canada
March 6, 1981



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Ladies and Gentlemen ...

I have already said on a number of occasions how much I look forward to the discussions we are beginning here today, at the first all-sector housing conference since 1968. I would like to extend a warm welcome to Ottawa to all here, and in particular say how pleased I am to see the other political representatives from across Canada.

Before I start the main body of my remarks, I would like to take a moment to thank the Canadian Real Estate Association and the other groups and individuals that have worked so hard to get this conference off the ground and to turn it into a reality. I know that the registration is not as large as some may have hoped ... there are many competing issues and demands on people's time. But we have a good group, a representative group, and above all, a truly interested and aware group here to take part. I hope you will all find it a very worthwhile experience.

I would like to add that CMHC has been able to give substantial encouragement and support for this conference, both in the form of a commitment to share the costs not covered by registration fees and in the

form of production services.

The topic suggested to me by your conference organizers is a very broad one ... "Housing in Canada: Past and Future". I intend to take full advantage of this scope to give you some indications about the Federal direction in housing. I want very much, as well, to raise some questions which I hope you can address in the course of the two days ahead.

President Ronald Reagan's visit to Ottawa next week has put into sharp focus the question of what kind of policy the Government of Canada is going to pursue in the future. In some quarters, it has been suggested that the American proposals to substantially cut a variety of social, environmental, energy conservation and other programs are a good example for Canada to follow. It would be entirely inappropriate for me, naturally, to comment on the value of United States Government proposals for tackling the unique economic and social circumstances to be found in that country. But I would like to second the statements of the Deputy Prime Minister and Minister of Finance, Mr. MacEachen when he says that we do not intend to pursue a policy of major cut-backs in the social, environmental, and other fields.

These programs are a precious heritage from the Governments of the 1950's and 60's and 70's. They define the humanity of our democracy. They are the practical result of the Christian belief that we are our brother's and sister's keepers.

Canada has a great deal to be proud of. We have gradually built up over the years a system for protecting people who would otherwise face the sharpest of conditions entirely alone ... the elderly, the handicapped, the deserted mother with children, the family which suddenly faces financial ruin as a result of major illness. Canada, according to virtually all the international surveys, has the highest quality of life, even if it does not have the highest standard of living in purely dollar terms. Governments at all levels, voluntary organizations, and citizens ... each plays a valuable part in creating this quality of life. Each deserves credit for helping to sustain it. This is the knowledge we share even in the midst of the bitterest debates on how to go about fashioning responses to challenges of the future.

Housing policies and programs, from 1944 onward have been a vital support to this indispensable work of improving the living conditions of Canadians.

The specific approaches have varied, but the basic objective has remained. People should not misunderstand me when I say that the private market is the best tool for providing housing for most Canadians. It is, and the Federal government is determined to let market forces operate for the broad majority of households who can afford to choose what the market offers. Any public resources devoted to this group, with uncertain results as we know from the experience of the 1970's, would come from those who need it more. For the fiscal situation is simply too confined to permit large new expenditures which do not come from somewhere else in the overall "pie".

Accordingly, for example, the cancellation of the Community Services Contribution Program should be understood as a matter of priority-setting within the envelope of resources devoted to all social programs.

Let me spend a few moments now on one of the areas for action which I consider to be among the highest priorities of the 1980's, where new funds, additional public funds should be directed. This is housing for Canada's Indians, natives, and rural dwellers more generally.

According to the latest available figures, we need almost 112,500 new housing units and some 145,000 rehabilitated dwellings in order to adequately house the people in our rural, native, and northern areas, and on the Indian reserves. These may seem like large figures. But the fact of the matter is they represent just 6 months housing production and under four years of publicly funded rehabilitation activity for Canada as a whole. In other words, we could, without seriously stretching Canada's basic capacity to do this kind of work, provide decent housing for every one of Canada's worst housed citizens by the end of the present decade.

I realize that there remain some very bad housing conditions in certain urban areas too. There is no intention to divert the efforts currently going to help urban people in order to satisfy the need which exists, by anyone's definition of need, in these rural and Indian reserve areas. This is why, I would argue, and I know many of my colleagues will argue, that additional funds need to be found over and above those which are already being supplied by the Federal government. The progress which has already been made is substantial ... 69,000 units since 1974.

I would like to stress that we are not talking here about housing as a purely physical thing. It would be easy in the very short run to fly in holus bolus a lot of prefabricated dwellings and move people out of their tar-paper dwellings into them. But this would not achieve the objective. We continue to need a very fundamental kind of involvement by those being housed at every step of the way. We need fully serviced communities of homes, not aggregations of boxes. Native organizations, rural voluntary groups, municipalities and Provinces all have key roles to play.

Indeed, I am looking forward to a continuation and expansion of the role played by Provincial governments in upgrading the community and social services in native, northern and rural areas. I am sure all of those involved have realized that housing policy at the Provincial level involves much more than seeking new ways to deliver Federal funds.

An important topic at this conference is the roles of the different actors in the field. As you may know, housing was not one of the twelve items selected for early attention in the constitutional review process. I believe that when that process has

been completed and we have a new Constitution, made in Canada, we should continue the kind of constructive dialogue which we ministers responsible for housing have begun over the past twelve months. I have now held face to face discussions with all of my provincial counterparts. And I have suggested that once we have had the opportunity to consult with our respective colleagues following this conference, it will be opportune to have a meeting of Federal/Provincial Ministers. This could take place as early as April, depending on the arrangements which can be made.

There is much work to be done with the limited resources available. And I would like to say as plainly and simply as possible, this Government is determined to avoid erosion of the daily contacts it has with the people of Canada. It will not pursue future program arrangements which confound Parliamentary accountability and confuse the Canadian public.

Federal and Provincial governments are both heavily involved in the provision of rental housing in urban areas for lower income, moderate income and higher income people. We jointly finance, and in some cases jointly own a stock of some 185,000 dwellings.

Over the years, we have made significant shifts in the policies guiding the production and management of this housing. In the years after the War, the emphasis was on "slum clearance" and the construction of new, large central projects. Then, in 1965, a change was made toward smaller projects, spread in many locations. In 1973, a whole new approach was inaugurated, with much heavier reliance on community-based non-profit and cooperative groups. Our current policy is one of seeking to integrate lower and higher income groups in projects of reasonable but varying scale. While this approach has been, I think, successful, it is also costly. The reason for this is straightforward: most rental housing production is uneconomic in today's market conditions. So, at least in the early years of a project, everyone is getting some amount of subsidy. In addition, since we want these projects to be well-planned and well designed, and since funds and delivery capacity for any one year are limited, it will take some considerable time for everyone in need to be housed in this manner. Indeed, it is evident that we will still have many people in need at the end of the decade if this is the sole means used. It is reflections along these lines, and contemplation of

the mounting subsidy bill for the social housing already in place, that has led me to seriously consider alternative strategies. No strategy adopted can ignore the supply side of the market, nor can it ignore the effects of additional aids to housing demand. But the time has clearly come for all of those truly interested in the meeting of people's housing needs to seriously consider the idea of a housing allowance, a form of aid to people based on their need, regardless of the dwelling they are in.

I want to say here, that I will look forward to your views on the desirability of such an approach. And I would suggest that you think about what it would mean for current programs to expand social housing, for the private housing market, for the quality of housing stock, and for those already receiving various kinds of benefits.

So far, my remarks have concentrated on housing as a part of social development policy. But as you are all well aware, housing is a key part of our nation's economy as well. In fact, I believe that a primary reason for the interest of the Canadian Real Estate Association in this whole subject is that the Association's membership daily take the pulse of

the housing market. They know intimately what is going on, and they apply that knowledge in the service of Canadian buyers and sellers.

I know that the past year or so has been a difficult time for many people in the industry. I have appreciated very much the frankness with which people in the business have let me know about their problems, and what they feel needs to be done.

As you may be aware from my previous statements on the subject, I believe that the best long term course for all concerned is to let the market sort itself out. Those of you who are in the industry are seeing, I am sure, the first signs of a new spring, a renewal of activity in many markets. The Federal government believes that we need to take the path of realistic, market-based growth.

This path will include:

- o developing new markets;
- o developing new angles on old markets;
- o ensuring that we get the full economic development benefits from our current public programs.

A comparatively new market with which many of you are familiar is that for inner city housing. In the past several years, there has been a remarkable turnaround in population trends. Central Ottawa, for example, has stabilized. Some neighbourhoods have gained back population from the suburbs.

A key concern, I am aware, is that this healthy activity from a physical, cultural, economic perspective, will create new social problems ... Where will the people who formerly relied on the older central city stock for inexpensive accommodation go now? Your attention both to the positive and the less positive aspects of the inner city market would be most valuable to me.

Another new market is that for energy conserving houses. We are fond of saying that Canadians are the best-housed people in the world. But we should admit that from this energy efficiency perspective, we are not. We have much to learn and much to do before the decade is out. I hope that people in the industry will take full advantage of the opportunities which exist. How can we do this?

Just as the small car market has been a long-standing aspect of the automobile industry, the home renovation business is an old one. After the war, many people caught up with years of necessary neglect during the Depression. And people have spent billions of dollars on home repair and renovation since.

But there are many aspects of this market which have yet to be tapped. Energy conservation, improved access for the handicapped, additions and conversions to reflect the changing needs of our population, these are just a few of the types of activity ahead of us. I think that we can improve the size of the market, the quality of work, and the efficiency with which it is done. I would like to see us use current programs, in particular residential rehabilitation assistance programs and the renovation of older social housing to test out the full range of possibilities here. I look forward to hearing from you what can be done to simplify present programs, to improve their public acceptance, and to increase their utility to renovators and to the industry generally.

This renovation field is perhaps the most important area for future public/private cooperation. It requires that we consider economic, social, and

institutional aspects of housing all together, that we be flexible in our approaches, and collaborative in our attitudes.

I think the stage is set for the expansion of very positive private/public dialogue. This Conference is a milestone in that dialogue. My best wishes for your discussions. I very much look forward to the results. Together with the other advice I have been receiving, and the reports already carried out, they will help me very much in the days and weeks ahead.

Remarks by the Honourable Paul Cosgrove

Discours de l'honorable Paul Cosgrove

Minister Responsible
for Canada Mortgage and
Housing Corporation

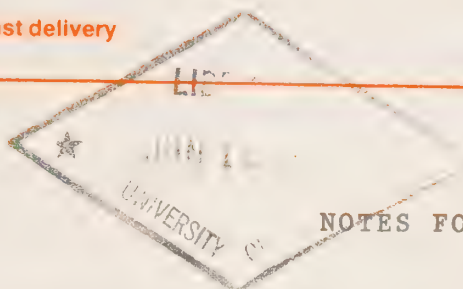
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NOTES FOR A SPEECH

BY THE MINISTER RESPONSIBLE

FOR CMHC

HONOURABLE PAUL COSGROVE, PC., M.P.

TO THE FELLOW OF REALTORS INSTITUTE,

CALGARY REAL ESTATE BOARD

JUNE 10, 1981

Canada



Canada Mortgage
and Housing Corporation

Société canadienne
d'hypothèques et de logement

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I DON'T KNOW WHETHER OR NOT I SHOULD SAY IT'S A PLEASURE TO BE HERE TODAY. TO BE HONEST, I APPROACHED THIS MEETING WITH SOME TREPIDATION AND I'M STILL NOT SURE THAT I SHOULDN'T HAVE BROUGHT A FOOD TASTER.

I KNOW THAT YOUR BUSINESS DEPENDS ON A HEALTHY FINANCIAL CLIMATE AND WITH MORTGAGE RATES RUNNING AS THEY ARE, IT'S GIVING PAUSE FOR A LOT OF CONCERN IN YOUR INDUSTRY. AND, I SUPPOSE FROM YOUR VANTAGE POINT IT APPEARS THE MINISTER RESPONSIBLE FOR HOUSING IS IDLING HIS TIME IN THE HOUSE, ARMoured IN INDIFFERENCE, ENCIRCLED BY BUREAUCRATS, ISOLATED FROM THE REALITY AND TEMPER OF THE ACTUAL FEELING ACROSS CANADA.

TO BE FRANK, THERE ARE TIMES WHEN I WISH I WERE. EVERYWHERE I GO THESE DAYS, PEOPLE ASK WHEN ARE YOU GOING TO DO SOMETHING ABOUT THE HOUSING PROBLEM. THESE ARE TOUGH TIMES FOR ALL OF US. MIND YOU, MAYBE THE IMPACT HASN'T BEEN AS DRASTIC HERE IN ALBERTA AS IN MANY OTHER PARTS OF THE COUNTRY. BUT, AS I ALREADY HAVE STATED, GENERALLY SPEAKING, THE FORECASTS ARE NOT AS BRIGHT, AS WE WOULD HOPE.

MUCH HAS BEEN SAID ABOUT THE GOVERNMENT'S FINANCIAL POLICY... AND I WATCH MY COLLEAGUE, THE MINISTER OF FINANCE GROW OLDER EVERY DAY IN EXASPERATION TRYING TO EXPLAIN THE

WHAT'S, WHY'S AND WHEREFORES. HE MIGHT EVEN BE LOOSING A LITTLE HAIR. I SAY THAT BECAUSE ONE LOOK AT ME AND YOU SAY THIS GUY MUST BE A CHRONIC WORRIER.

BUT, THE MAJOR THRUSTS BEHIND OUR GOVERNMENT'S FISCAL POLICY ARE RESTRAINT AND MORE EFFICIENT MANAGEMENT OF THE TAXPAYER'S MONEY. THE MINISTER OF FINANCE IS TAKING ON THIS CHALLENGE BY REDUCING THE FEDERAL DEFICIT, WHICH MEANS LESS MONEY FOR PROGRAMS.

INCLUDED IN THE APRIL 14 SPEECH FROM THE THRONE WAS THE STATEMENT THAT THE GOVERNMENT RECOGNIZES THE NEED TO PROTECT THOSE CANADIANS MOST AFFECTED BY AN UNACCEPTABLY HIGH INTEREST RATE.

LET ME QUOTE THE EXACT PHRASEOLOGY... "THE GOVERNMENT WILL ACT TO ASSIST THOSE ORDINARY CANADIANS UNABLE TO BEAR THE BURDEN OF RENEGOTIATING THEIR HOME MORTGAGES IN THE PRESENT ABNORMAL SITUATION SO THAT THE SPECTRE OF FORECLOSURE WILL BE AVOIDED WITHOUT THE GOVERNMENT EMBARKING UPON A MAJOR SUBSIDY PROGRAM."

THERE ARE A COUPLE OF POSITIVE ACTIONS WE HAVE ALREADY TAKEN. FIRST OF ALL, WE HAVE HAD MEETINGS WITH THE LENDERS TO DETERMINE THE METHODOLOGY THEY WOULD USE TO FACILITATE THE DISCOMFORT OF MORTGAGE RENEGOTIATION.

THESE DISCUSSIONS HAVE BEEN POSITIVE, IN SPITE OF WHAT YOU HEAR COMING FROM OTTAWA, BECAUSE THE PRACTICAL RESULT OF THIS APPROACH BY THE LENDERS HAS BEEN A STEADILY DECLINING RATE OF MORTGAGE ARREARS ACROSS THE COUNTRY.

ONE YEAR AGO, FOR EXAMPLE, THERE WERE 0.78 PER CENT OF ACCOUNTS UNDER ADMINISTRATION, WHILE ON THE OTHER HAND THIS SPRING, THE NUMBER DROPPED TO 0.6 PER CENT, DESPITE THE NUMBER OF ROLL-OVERS WHICH OCCURED DURING THE INTERIM.

SECOND, THERE ARE, OF COURSE, SOME CANADIANS THAT PREVIOUSLY RECEIVED AID FOR HOME PURCHASES THROUGH VARIOUS SUBSIDY PROGRAMS. THEY FACE A PARTICULARLY SHARP DIFFERENCE BETWEEN THE OLD AND THE NEW MORTGAGE RATES AND THEY WERE MOST OFTEN INDIVIDUALS OF MODEST INCOMES WITH AN EQUALLY MODEST GROWTH. WE PROVIDED PARTICULAR HELP ON AN EQUITABLE BASIS.

FOR EXAMPLE, HERE IN ALBERTA, ALMOST \$5.2 BILLION IN CANADA MORTGAGE AND HOUSING FINANCIAL ASSISTANCE, INCLUDING NON-REPAYABLE GRANTS OF NEARLY \$2 HUNDRED MILLION, HAS SUPPORTED THE PROVINCE'S HOUSING AND URBAN GROWTH DURING THE PAST DECADE. MOST OF THE NHA SUPPORT, ABOUT \$4 AND A HALF BILLION, HAS BEEN SUPPLIED IN THE FORM OF GOVERNMENT-GUARANTEED MORTGAGE LOANS FROM PRIVATE LENDERS FOR NEARLY 150 THOUSAND HOME OWNERSHIP AND RENTAL UNITS SERVING THE GENERAL HOUSING MARKET.

CMHC HAS ALSO BEEN VERY DEEPLY INVOLVED IN THE AREA OF SOCIAL HOUSING SERVING THE NEEDS OF THE ELDERLY, HANDICAPPED AND OTHERS WHO ARE IN NEED. MORE THAN \$442,000,000 IN NHA FUNDS WERE MADE AVAILABLE FOR THIS PURPOSE AND OF THIS TOTAL, MORE THAN HALF WAS PROVIDED FOR THE CONSTRUCTION OF 16,560 SELF-CONTAINED HOUSING UNITS AND HOSTEL ACCOMMODATION FOR NEARLY 4,000 INDIVIDUALS.

IN ADDITION, \$56,700,000 WAS CONTRIBUTED AS OUTRIGHT FEDERAL GRANTS TO KEEP OCCUPANCY CHARGES FOR THE PROVINCE'S FULL STOCK OF SOCIAL HOUSING AT LEVELS WHICH FIT THE INCOMES OF THE RESIDENTS. I THINK ONE OF THE MORE SIGNIFICANT DEVELOPMENTS HAS BEEN THE HIGHLY ACCLAIMED ALBERTA 75 PROJECT HERE IN CALGARY.

I HAD THE HONOUR TODAY OF TOURING THIS TREMENDOUS PROJECT, WHICH AS YOU ARE AWARE, WAS OFFICIALLY OPENED LAST SATURDAY, AND I TOO, WAS MOST IMPRESSED, AS MANY OTHERS HAVE BEEN. IN MY OPINION, IT COULD BE USED AS A MODEL DEVELOPMENT TO BE CAREFULLY STUDIED BY OTHERS ACROSS CANADA.

AT THIS JUNCTURE, I WOULD ALSO LIKE TO POINT OUT THAT DURING THE PAST TEN YEARS THAT MOST OF THE MONEY IN OUTRIGHT FEDERAL GRANTS THAT HAVE BEEN MADE TO ALBERTA TO CONTINUE THE SUBSIDIZED OPERATION OF SOCIAL HOUSING HAS BEEN MADE RIGHT HERE IN CALGARY.

ALSO, IN AN EFFORT TO HELP RELIEVE THE CRITICAL SHORTAGE OF MODEST-PRICED RENTAL ACCOMMODATION BEING EXPERIENCED IN THIS CITY, THE FEDERAL GOVERNMENT INCREASED CALGARY'S ALLOCATION OF SOCIAL HOUSING FOR 1980 BY 435 UNITS, AND FOR THIS YEAR THE INCREASE WAS ANOTHER 261 UNITS. AND, I HOPE, WE CAN DO MORE. THESE ADDITIONAL UNITS WILL BE BUILT AND SUBSIDIZED UNDER THE NON-PROFIT AND CO-OPERATIVE HOUSING PROVISIONS OF THE IHHA WHICH PROVIDE FOR ONE HUNDRED PER CENT FINANCING OF PROJECT COSTS AND A WRITE DOWN OF MORTGAGE INTEREST CHARGES TO TWO PER CENT.

THE INTEREST SAVINGS WILL BE USED TO REDUCE RENTALS IN GENERAL AND TO SCALE RENTS TO INCOME FOR THOSE WHO NEED OTHER HELP.

WE'VE ALSO BEEN VERY ACTIVE OVER THE PAST DECADE IN PROGRAMS FOR CALGARY TO IMPROVE THE RESIDENTIAL AND GENERAL LIVING CONDITIONS OF DESIGNATED NEIGHBOURHOODS.

AS A MATTER OF FACT, MORE THAN \$12,000,000 HAS BEEN PROVIDED, THREE QUARTERS OF WHICH WERE GIVEN AS LOANS TO HOME OWNERS AND LANDLORDS TO HELP THEM UPGRADE THEIR PROPERTIES TO ENSURE STRUCTURAL SOUNDNESS AND SAFETY BY IMPROVING ELECTRICAL, PLUMBING AND HEATING SYSTEMS. REPAIRS AND RENOVATIONS TO NEARLY 2,000 BUILDINGS HAVE BEEN UNDERTAKEN WITH THE SUPPORT UNDER THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM.

FROM A COUNTRY-WIDE PERSPECTIVE, I BELIEVE MORE EMPHASIS SHOULD BE GIVEN TOWARDS REVITALIZING OLDER HOMES WITHIN, RATHER THAN OUTSIDE THE URBAN CORE. AT PRESENT, THERE ARE ONE AND A HALF MILLION OF THESE KINDS OF DWELLINGS ACROSS THE COUNTRY THAT ARE OVER 50 YEARS OLD.

ANOTHER HALF MILLION WILL REACH THIS AGE DURING THE NEXT TEN YEARS. BUT RATHER THAN TEARING THEM DOWN AS HAS BEEN THE PRACTICE IN THE PAST, THEY COULD BE MADE USEFUL AGAIN WITH SOME RENOVATION, REPAIR AND MODERNIZATION.

AS I SAID, IN MY MIND, THERE IS JUST NO QUESTION THAT THE RENOVATION AND REPAIR OF EXISTING HOUSING IS GOING TO BE AN IMPORTANT PART OF THE ACTIVITIES OF THE HOUSING SCHEME OF THINGS DURING THE NEXT DECADE.

ANOTHER FACTOR WHICH WILL PRESENT ALL SORTS OF PROBLEMS IN THE FUTURE -- DARE I RAISE THE SUBJECT -- WILL BE OF COURSE, THE QUESTION OF ENERGY. THE COSTS, HOW EFFECTIVELY WE CONSERVE, AND HOW EFFICIENTLY WE USE IT. CORE HABITATION THEREFORE WILL PLAY AN EVEN MORE IMPORTANT ROLE. AS YOU ARE PROBABLY AWARE, NHA FINANCING AFTER THE FIRST OF JULY WILL BE RESTRICTED TO NEW CONSTRUCTION WHICH MEETS THE ENERGY MEASURES DEVELOPED BY THE ASSOCIATE COMMITTEE ON THE NATIONAL BUILDING CODE.

THE 1981 BUDGET FOR THE HOUSING TECHNOLOGY INCENTIVES PROGRAM HAS BEEN DOUBLED TO PROVIDE THE STIMULAS TO MANY INDIVIDUALS TO COME UP WITH INNOVATIVE

AND PRACTICAL IDEAS FOR ENERGY SAVINGS IN THE HOME. THIS PROGRAM HELPS PRACTICAL PROBLEM SOLVERS IN THE BUILDING INDUSTRY ITSELF TO DEVELOP AND APPLY NEW SOLUTIONS TO HOUSING ENERGY PROBLEMS.

ALMOST 70 PER CENT OF THE FUNDS ARE CURRENTLY GOING TO HELP FREE-SPIRITED ENTREPRENEURS AND OTHER PRIVATE SECTOR INDIVIDUALS WORKING ON THE ANSWERS TO ENERGY PROBLEMS IN THE RESIDENTIAL FIELD.

REGARDING CORE RE-DEVELOPMENT, OF COURSE, A MAJOR INITIATIVE IS UNDERWAY WITH CMHC ASSISTANCE HERE IN CALGARY, TO STIMULATE DEVELOPMENT. I'M REFERING TO THE EAST VILLAGE PLANNING AREA WHICH CALLS FOR MIXED USE DEVELOPMENT WITH A HEAVY CONCENTRATION OF HOUSING. DISCUSSIONS BETWEEN CMHC AND THE CITY HAVE BEEN QUITE PRODUCTIVE AND NOW ARE CONCENTRATING ON IDENTIFYING SPECIFIC AREAS OF HOUSING ACTIVITY TO WHICH WE CAN OFFER SUPPORT AND ASSISTANCE.

AS A MATTER OF FACT, I HAVE MET WITH YOUR MAYOR ON A COUPLE OF OCCASIONS TO DISCUSS THIS PROJECT AND OTHER MATTERS OF MUNICIPAL CONCERN. I AM PLEASED TO REPORT THAT THESE DISCUSSIONS HAVE ALWAYS BEEN PRODUCTIVE AND REWARDING.

THE SIMPLE FACT IS THAT CANADIAN HOUSING PRODUCTION IS ON THE RISE, AND, INDEED, HOUSING STARTS TOTALLY HAVE TURNED AROUND TO A REMARKABLE DEGREE. THE RATE IN THE FIRST QUARTER OF THIS YEAR WAS THE HIGHEST SINCE THE FOURTH QUARTER OF 1979.

AND, AS A MATTER OF INTEREST, THE SEASONALLY ADJUSTED ANNUAL RATE FOR APRIL WAS 242,500 NEW HOMES TO MEET THE DEMANDS OF CANADIAN FAMILIES, COMPARED TO 158,000 IN 1980, A NEW RECORD RATE FOR THE LAST FIVE YEARS.

THERE'S NO DENYING THE FACT TOO THAT THERE ARE PROBLEMS IN THE MARKETPLACE FOR THOSE YOUNG, FIRST TIME HOME BUYERS, ARMED WITH A SMALL DOWN-PAYMENT AND TRYING TO BUY A HOUSE WITH NO EXISTING MORTGAGE ON IT. BUT THAT'S NOT A SITUATION THAT'S NEW.

ON THE OTHER HAND, WE KNOW THAT IN TODAY'S MARKET CANADIAN HOMEOWNERS ARE ACQUIRING WITH SUBSTANTIAL EQUITY FROM THE HOME THEY CURRENTLY POSSESS. WE KNOW THAT THIS EQUITY HAS INCREASED REMARKABLY IN THE LAST WHILE AND MANY PURCHASERS OF HOUSES ARE ABLE TO ASSUME EXISTING MORTGAGES WITH INTEREST RATES STUCK SINCE THE GOOD OLE DAYS OF LOW RATES.

ALSO, MANY OTHERS, BY SHOPPING AROUND, ARE ABLE TO SECURE BUILDER BUY DOWN MORTGAGES. SOME, AND THIS IS NOT NEW, WILL NEED TO SAVE LONGER BEFORE SECURING THE EQUITY TO BUY A HOME.

IN CONCLUSION, LADIES AND GENTLEMENT, I HAVE A MORE OPTIMISTIC VIEW OF THE FUTURE FOR THE HOUSING INDUSTRY THAN SOME OF THE PESSIMISTIC FORECASTERS WHO SEEM TO ATTRACT MEDIA ATTENTION WITH THEIR NEGOTIATION.

I AM CONVINCED THAT THE ACTION OF THE NATIONAL GOVERNMENT IN THE LAST YEAR WITH ITS SUPPORT WITH PROGRAMS SUCH AS THE REINTRODUCTION OF THE MURBS AND THE INCREASE OF SOCIAL HOUSING STARTS HAS BEEN A SIGNIFICANT CONTRIBUTION TO THE UPSWING IN THE HOUSING INDUSTRY.

I WOULD LIKE TO ASSURE YOU THAT I, AND THE GOVERNMENT, ARE CLOSELY WATCHING THE PROSPECTS FOR THE INDUSTRY SO THAT, IF IT IS FELT APPROPRIATE, THE GOVERNMENT MAY BE CALLED UPON AGAIN TO PLAY A ROLE IN THIS SOMEWHAT UNPREDICTABLE HOUSING SECTOR.

THANK YOU. I HAVE ENJOYED MY VISIT WITH YOU
TODAY, AND SINCERELY HOPE THAT I'LL BE BACK IN YOUR
BUSTLING CITY IN THE NOT TOO DISTANT FUTURE.

Remarks by the Honourable Paul Cosgrove

Discours de l'honorable Paul Cosgrove

Minister Responsible
for Canada Mortgage and
Housing Corporation

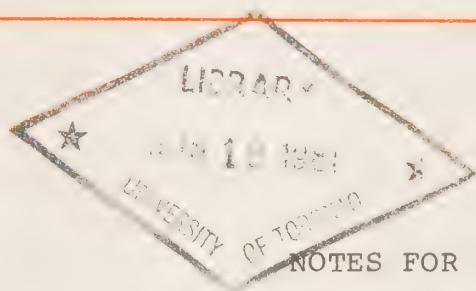
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NOTES FOR AN
ADDRESS BY THE HONOURABLE
PAUL COSGROVE, P.C., M.P.,
MINISTER RESPONSIBLE FOR
CANADA MORTGAGE AND HOUSING CORPORATION
TO THE FEDERATION OF CANADIAN MUNICIPALITIES
REGINA, SASKATCHEWAN
10 JUNE 1981

Canada

Mr. Chairman:

In preparing my comments for today's luncheon, I was inspired by a newspaper article on Paloma Picasso who related that her Father Pablo had offered her the following advice: "You really do have to do what you feel and be yourself before anything".

I appreciate that your Forum circular indicates that I would be expected to discuss the current housing situation in Canada but at the risks of stepping on some toes, I want to enlarge my comments to touch upon the role of governments using some plain language which at least may start the process of useful dialogue.

I was extremely pleased to have been given the opportunity by the Prime Minister approximately one year ago to take responsibilities for Public Works Canada, Canada Mortgage and Housing Corporation and the National Capital Commission. For those of you who have known me, over the past few years, know that in these portfolios I really have been given an opportunity to do what I want to do.

During the past year, I have been able in these ministries to put into practice my conviction that governments working together can best serve Canadians.

For example, I was delighted as the Minister of Public Works to have as my first legislation before the House of Commons the amendments to the Grants in lieu of Taxes. The transfer of this responsibility from Finance to Public Works last year at this time gave me the opportunity of not only maintaining contacts with municipalities across Canada but of assisting them by having the grants allocation increased by approximately \$25 millions from 165 to 190 millions at the end of a four phase increase.

Throughout the year, it has been a distinct pleasure for me through the ministries for which I am responsible to be able to work in cooperation with many local areas from one side of the country to the other. Let me give you a few examples:

- 1) planning and construction of the Daniel MacDonald Veterans Affairs Building in Charlottetown, P.E.I., as part of the Government's decentralization plan;
- 2) participation in and construction of the Market Square project in Saint John, N.B., involving both Public Works Canada and Canada Mortgage and Housing Corporation, with the city and private sector developers;
- 3) negotiation for transfer of the Heritage Building in the provincial parliamentary precinct from the Government of Canada to the Government of Nova Scotia in Halifax;
- 4) establishment of the Vieux Port Corporation in Quebec City, a shared revitalization project in preparation of the 450th anniversary of the landing of Jacques Cartier;
- 5) a joint participation with three other levels of Government and the private sector in the start of the Rideau Center Development in the National Capital... a significant boom in our National Capital after weeks, months and years of planning, Ontario/Québec;
- 6) revitalization of the Harbourfront Corporation in Metropolitan Toronto. Again a joint project with other governments and private sector, designed to serve millions of people in the Toronto centered region;

- 7) support and commitment to the Winnipeg Core project, again in cooperation with other governments and private sectors. Manitoba;
- 8) support and promotion of a senior citizens project for Chinese Canadians in Saskatoon, Saskatchewan, This had been hung up for months;
- 9) assistance in solving one of Canada's worst traffic jams in Banff National Park by a plan to twin 24 miles of Highways in two stages;
- 10) cooperation with B.C. Place officials in Vancouver by a Public Works Canada land exchange in order to free this huge development, with a commitment for a mixed housing component in the development.

These are just a few examples of how I believe that my past experience in local government has assisted me in bringing a sensitive response to localities flavour to the operation of my work with Public Works, Canada Mortgage and Housing Corporation and the National Capital Commission. In each of these areas it has been my objective to work with other governments and the private sector in achieving common goals for the benefit of all concerned.

The Ministries for which I am responsible, of course, are not the only way in which the National Government has been of assistance to local communities across Canada. Before you take on faith some media reports that the National Government does not care about local communities let me give you just a few additional examples of how other federal ministries continue to share side by side with other governments the challenge of bettering local conditions right across the country.

Here are just some examples of the Federal expenditures planned for 1981/82 which benefit municipalities directly and indirectly:

- 1) Direct job creation payments to municipal and other groups including:
 - 39.4 million dollars for Community Development projects;
 - 21.2 million dollars for other direct employment programs;
- 2) 264.3 million dollars for the two home insulation programs;
- 3) 270.5 million dollars for the Canadian Oil Substitution Program;
- 4) 2.8 million dollars for the Municipal Energy Management Program;
- 5) 14.8 million dollars as a contribution to the capital costs of trade centres;
- 6) 33.3 million dollars for promotion of tourism to Canadian cities, towns and villages;
- 7) 6 million dollars for emergency preparedness aid to municipalities;
- 8) 18.3 million dollars for local harbour and wharf construction;
- 9) 49.8 million dollars for port and other urban land development projects;
- 10) 144.8 million dollars for Residential Rehabilitation Assistance subsidies;

11) 90.8 million dollars for capital improvements to airports serving large and small municipalities from Toronto to Castlegar and Sept Iles to Gander.

Getting back to my opening reference to the advice from Pablo Picasso of "being yourself before anything", I would like to say that when I entered the National Cabinet I did not abandon my long held conviction for example that Canadians are best served by cooperation by all levels of government.

Nor did I abandon my conviction that the role of local government is deserving and warrants a more secure place in the Constitution and a better share of tax resources to carry out its responsibilities.

So you can see from my remarks that I was not at all embarrassed to resign as a Mayor to take on Cabinet responsibilities nor do I believe that in the thought of Picasso that I have been any the less true to myself in this role.

I know of course that some people will argue that to go from being a Mayor to a Cabinet Minister is a coming down in the world but I view my new role simply as a different role in the total area of government and I should hasten to add, that it is at least equally as important as my former role in local government.

As for the matter of the Constitution, right off the top, Mr. Chairman, I would like to remind you that the Resolution before the Supreme Court of Canada does not address the relationship between governments. It merely proposes the first steps of Patriation and a "People's package" or a Bill of Rights addressed to secure individual freedoms for Canadians rather than the issue of division of power between the different levels of governments.

The Resolution also provides for on-going annual meetings between governments where, for example, the twelve items which were discussed last Summer and more, will be on the table to strike a new set of relationship between governments.

If I can leave one impression with you, Mr. Chairman, today, it is my view that you should not abandon your campaign for a voice in the design for a renewed Canada. In my view, it is not too late for you to urge your opinions upon both provincial and federal governments, I can assure you that you have one National Minister who would consider such a request to be music to my ears. I am prepared to support your point of view with my Cabinet Colleagues and to discuss them with my provincial counterparts, hopefully as a new stage in government relation begins after Patriation of the Constitution.

Of equal importance, Mr. Chairman, I would urge that your Association interest and involve itself in the present discussion of Federal Provincial Fiscal Arrangements. Without attempting to argue the merits of the Federal case, let me simply draw to your attention some of the comments of the Minister of Finance in the submission to the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements of April 23 of this year.

"Provinces have therefore gained a bigger share of the revenue pie and additional flexibility. In short, they have become fiscally much stronger vis-à-vis the federal government. Over the twenty year span from 1959 to 1979, the federal share of total government revenues has declined from over 58 to less than 46 per cent while the provincial local share has correspondingly increased from 42 to 54 per cent. The decline of the federal share is even more dramatic when intergovernmental transfers are taken into account. While in 1959 the federal government had over 52 per cent of the total revenue pie after such transfers, it has less than 34 per cent in 1979".

The hazard to local government, I am sure, Mr. Chairman, is obvious. If the National Government is successful in persuading the provinces to assume greater responsibilities in the areas covered by the present fiscal arrangements, the temptation could be to do so at the expense of local governments which would be left to carry this burden on a regressive system of local taxation.

Again without labouring the point, I merely want to say that it is a result of this fiscal imbalance that the present National Government has given economic development a higher priority than other areas under its responsibility including Social Development.

I am sure that you have seen the report of the statement of the Minister of Finance on the week end indicating that this Government is not prepared to launch new spending programs and that any new initiatives would have to be found at the expense of existing programs. It was in this context that the government's decision not to renew the Community Services Program was made in an attempt to re-arrange national priorities so as to respond to demands which rest squarely in its area of federal responsibilities.

At the meeting with Provincial Ministers of Housing last week, I indicated to them that in the context of the present economic climate the provinces would have to assume their traditional responsibilities in the area of local infrastructure to a greater degree. No doubt you have seen that they did not like the observation.

Putting it another way, Mr. Chairman, it is obvious to me even with just one year's experience in national politics with a portfolio that has an impact from coast to coast that the National Government in the past has assumed an excess of financial burden which it is now apparent weakened not only its ability to respond to changing economic times in administrative or in a governmental way to distinct national responsibilities but which also weakened its political ability to defend against the forces that would totally undermine Canada as a continuing nation as we know it.

In conclusion, Mr. Chairman, I would like to thank you for your invitation to join with you today. I hope that you have gathered from my remarks my conviction that Canadians are best served when governments act in cooperation and coordination with one another.

I am committed to support a heightened role for local government both in the constitutional and fiscal areas, I remain optimistic that with continued patience, perseverance and the opportunity of on-going give and take of different points of view between people of goodwill at all levels of government that the future for Canadians is bright.

Remarks by the Honourable Paul Cosgrove

Discours de l'honorable Paul Cosgrove

Minister Responsible
for Canada Mortgage and
Housing Corporation

ministre responsable de la
Société canadienne d'hypothèques
et de logement

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SPEECH NOTES

HON. PAUL COSGROVE

MINISTER RESPONSIBLE FOR

CANADA MORTGAGE AND HOUSING CORPORATION

BRITISH COLUMBIA HOUSING CONFERENCE

VANCOUVER, NOVEMBER 25, 1981

Canada



Canada Mortgage
and Housing Corporation

Société canadienne
d'hypothèques et de logement

MR. CHAIRMAN:

I WOULD LIKE, FIRST OF ALL, TO CONGRATULATE THE BRITISH COLUMBIA REAL ESTATE ASSOCIATION WHICH INITIATED THIS HOUSING CONFERENCE AND THE OTHER ORGANIZATIONS -- HUDAC, UDI, CONSUMER GROUPS, LENDERS, BUILDERS AND OTHERS -- WHOSE CO-OPERATION HAS MADE IT POSSIBLE. I WOULD LIKE TO EXPRESS MY APPRECIATION, ALSO, TO THE MANY INDIVIDUALS WHO HAVE AGREED TO SHARE THEIR KNOWLEDGE AND EXPERIENCE WITH OTHERS BY PARTICIPATING IN THE VARIOUS PANELS.

I HAD THE OPPORTUNITY OF ATTENDING A SIMILAR CONFERENCE IN TORONTO ON SATURDAY LAST WHICH WAS MY FIRST OPPORTUNITY TO MAKE COMMENTS ON THE HOUSING PROPOSALS IN THE BUDGET. I THOUGHT YOU MIGHT BE INTERESTED IN KNOWING THAT THE LUNCH WAS ADVERTISED AS A B.Y.O. -- "BRING YOUR OWN".

KEEPING ~~WITH~~ MR. MAC EACHEN'S EXAMPLE OF A FRUGAL DIET IN MIND, I WENT ONE STEP FURTHER AND MADE MY OWN SANDWICHES -- AND NO DESSERT EITHER!

I SINCERELY REGRET THAT IT HAS NOT BEEN POSSIBLE FOR ME TO ATTEND ALL OF THESE SESSIONS MYSELF. HOWEVER, I KNOW THAT YOUR DELIBERATIONS ARE GOING TO BE VERY CLOSELY FOLLOWED BY MY OFFICIALS IN C.M.H.C.'S REGIONAL OFFICE AND I WILL COUNT ON THEM TO GIVE ME A VERY COMPREHENSIVE BRIEFING.

I HAD THE TIME, WHILE TRAVELLING THIS AFTERNOON, TO READ A NUMBER OF THE POSITION PAPERS PRESENTED AT THIS CONFERENCE. IN PARTICULAR, I THOUGHT THAT DR. J. H. MARK, IN HIS COMMENTS, PUT THE MANY ISSUES FACING US IN A CLEAR AND BALANCED PERSPECTIVE.

I AM PARTICULARLY IMPRESSED WITH THE CHARACTER OF THIS CONFERENCE AND A SIMILAR ONE WHICH I HAD THE HONOR TO ATTEND IN OTTAWA LAST MARCH -- THE ALL-SECTOR HOUSING CONFERENCE, WHICH WAS INITIATED, AT THE NATIONAL LEVEL, BY THE CANADIAN REAL ESTATE ASSOCIATION.

BOTH OF THESE CONFERENCES HAVE BENEFITTED FROM THE ACTIVE PARTICIPATION OF ALL OF THE PRINCIPAL GROUPS CONCERNED WITH HOUSING -- CONSUMERS (INCLUDING TENANTS, OWNERS AND MEMBERS OF CO-OPERATIVES), REAL ESTATE PROFESSIONALS, BUILDERS AND DEVELOPERS, LENDERS AND MEMBERS OF OTHER FINANCIAL INSTITUTIONS, ACADEMICS, AS WELL AS REPRESENTATIVES OF GOVERNMENT.

I SINCERELY BELIEVE THAT PERMANENT SOLUTIONS TO OUR HOUSING PROBLEMS REQUIRE THE CO-OPERATION AND COLLABORATION OF ALL OF THESE ELEMENTS.

SPEAKING FOR THE GOVERNMENT OF CANADA, AND ON MY OWN BEHALF, I AM COMMITTED TO PROVIDE THE LEADERSHIP THAT IS REQUIRED AT THE NATIONAL LEVEL TO HELP CANADIANS FIND THE HOUSING THEY NEED, AT A COST THEY CAN AFFORD.

IN MY COMMENTS THIS EVENING, I WILL ILLUSTRATE NOT ONLY THAT THE NATIONAL GOVERNMENT IS COMMITTED TO ITS PRESENT ROLE OF SIGNIFICANT SUPPORT TO THE HOUSING SECTOR BUT THAT ITS HOUSING LEGISLATION PLANS WILL, IN FACT, BOLSTER THE INDUSTRY, PROVIDING SHELTER FOR PEOPLE OF MODEST INCOME AND RESULTING IN JOB CREATION.

AT THE SAME TIME, I AM VERY MUCH AWARE THAT SUCH A CHALLENGE CAN BEST BE UNDERTAKEN -- NOT BY ONE LEVEL OF GOVERNMENT SINGLE-HANDEDLY -- BUT BY ALL LEVELS, NATIONAL, PROVINCIAL AND LOCAL, WORKING TOGETHER TO IMPLEMENT A COMMON STRATEGY.

I ALSO REALIZE THAT THE ACCOMPLISHMENT OF SUCH AN OBJECTIVE CAN NOT BE REALIZED BY GOVERNMENTS ALONE. THERE ARE CLEAR AND IMPORTANT ROLES FOR GOVERNMENTS TO PLAY BUT GOVERNMENTS DON'T BUILD HOUSES. THE DYNAMIC FORCE THAT HAS MADE CANADIANS AMONG THE BEST-HOUSED PEOPLE IN THE WORLD HAS BEEN PROVIDED BY THE PRIVATE RESIDENTIAL CONSTRUCTION INDUSTRY AND ITS ASSOCIATED FINANCIAL INSTITUTIONS, REAL ESTATE PRACTITIONERS AND OTHER PROFESSIONALS.

AND FINALLY, IF WE ARE GOING TO SUCCEED IN MATCHING HOUSING PRODUCTION TO PEOPLE'S NEEDS WE WILL HAVE TO INVOLVE THE CONSUMERS MORE AND MORE -- AS INDIVIDUALS AND AS MEMBERS OF VOLUNTARY ORGANIZATIONS -- IN OUR PLANNING AND IN OUR PROGRAM DEVELOPMENT AND EVALUATION.

IN SHORT, THE SOCIAL AND ECONOMIC CHALLENGES WHICH ARISE FROM CURRENT HOUSING CONDITIONS IN CANADA DEMAND NOTHING LESS THAN A TRULY NATIONAL EFFORT.

I THINK YOU WILL UNDERSTAND THAT, BECAUSE OF THE NATURE OF MY RESPONSIBILITIES, MY PERSPECTIVE IS PRIMARILY NATIONAL. I AM VERY MUCH AWARE OF THE PARTICULAR PROBLEMS WHICH THE PEOPLE OF BRITISH COLUMBIA ARE EXPERIENCING BUT I WOULD LIKE TO SPEAK TO YOU FOR A FEW MINUTES FROM A NATIONAL POINT OF VIEW, AND ABOUT SOME RECENT INITIATIVES WE HAVE TAKEN AS A NATIONAL GOVERNMENT. SOME OF THEM WERE ANNOUNCED TWO WEEKS AGO BY MY COLLEAGUE, THE MINISTER OF FINANCE, IN HIS BUDGET SPEECH.

ONE OF THE BUDGET'S MOST IMPORTANT THEMES IS THE IDEA OF EQUITY-FAIRNESS TO ALL. AS MR. MAC EACHEN EMPHASIZED, IT IS IMPORTANT --

PARTICULARLY DURING ADVERSE ECONOMIC CONDITIONS -- TO ENSURE THAT EVERYONE PULLS HIS OR HER WEIGHT, AND THAT EVERYONE IS SEEN TO BE PULLING HIS OR HER WEIGHT.

THE MINISTER AND THE GOVERNMENT BELIEVED THAT A FEW PEOPLE OF ABOVE-AVERAGE INCOME WERE ABLE TO BENEFIT BY SPECIAL TAX PROVISIONS, THEREBY REDUCING THEIR TAXABLE INCOME. PUTTING IT ANOTHER WAY, TOO FEW CANADIANS OF MODEST INCOME, ESPECIALLY THOSE WHOSE INCOME WAS RESTRICTED TO WAGES ALONE, WERE SHARING IN THE TAX PRIVILEGES WHICH REDUCED THE PAYMENT OF TAX TO THE GOVERNMENT.

I AM THE FIRST TO ADMIT THAT SOME OF THESE PROVISIONS WHICH WERE ELIMINATED WERE DESIGNED TO STIMULATE OTHER ECONOMIC OBJECTIVES AND ARE NOT ACCURATELY DESCRIBED AS SIMPLE LOOPHOLES.

I WILL ARGUE, THOUGH, WITH SOME EXAMPLES TO SUPPORT MY CASE, THAT IN THE AREA OF HOUSING THE GOVERNMENT WILL BE ABLE TO ACHIEVE AN IMPROVED EQUITY IN THE TAX STRUCTURE AND, AT THE SAME TIME, WITH ITS COMPANION ANNOUNCEMENT OF A NEW RENTAL STIMULUS, MATCH OR IMPROVE ITS SUPPORT FOR AFFORDABLE RENTAL ACCOMMODATION.

LET ME GIVE YOU A FEW EXAMPLES OF THE RESULTS OF THE CHANGES IN THE BUDGET AFFECTING WRITE-OFFS OR SPECIAL TAX ALLOWANCES.

FIRST, ALL CANADIANS EARNING A TAXABLE INCOME OF OVER \$11,120 WILL BENEFIT FROM A REDUCTION IN TAX RATES.

SECOND, AMONG LOW-INCOME EARNERS, 670,000 FAMILIES WILL HAVE THEIR FEDERAL TAX CREDIT DOUBLED FROM \$200 TO \$400.

THIRD, 73.5 PER CENT OF PEOPLE WHO FILE TAX RETURNS WILL HAVE TAX

REDUCTIONS AS A RESULT OF THE COMBINED IMPACT OF INDEXING AND THE TAX MEASURES.

AND FINALLY, IF WE TAKE A SPECIFIC EXAMPLE OF A FAMILY OF FOUR WITH ONE EARNER, MAKING \$15,000 ANNUALLY, THAT FAMILY WILL BENEFIT BY A SAVING OF \$547. THE PERCENTAGE OF SAVING DECREASES WITH INCREASED INCOME OVER THAT FIGURE. I HAVE USED THE \$15,000 INCOME LEVEL BECAUSE THAT IS THE LEVEL THAT THE SENATE COMMITTEE ON POVERTY SET AS THE POVERTY LINE FOR CANADIANS FOR 1980.

AS MINISTER RESPONSIBLE FOR C.M.H.C., I HAVE RECEIVED MANY REPRESENTATIONS FROM INDIVIDUALS AND ORGANIZATIONS CONCERNED WITH THE HOUSING INDUSTRY ADVOCATING THE CONTINUANCE OF THE MURB PROVISIONS AND I HAVE, OF COURSE, MADE THESE VIEWS KNOWN TO MY CABINET COLLEAGUES. I HAVE ALSO — AS I AM OBLIGED TO DO — GIVEN MY ADVICE ABOUT THE PROBABLE EFFECT ON THE SUPPLY OF RENTAL HOUSING OF CONTINUING OR DISCONTINUING THE SO-CALLED MURB PROVISIONS.

I KNOW THAT ALL OF THESE REPRESENTATIONS WERE GIVEN VERY SERIOUS CONSIDERATION BY THE MINISTER OF FINANCE IN PREPARING HIS BUDGET. WHAT MUST BE KEPT IN MIND, HOWEVER, IS THAT THE BUDGET MUST SERVE THE INTEREST OF ALL CANADIANS AND ALL SECTORS OF THE NATIONAL ECONOMY. TO ACCOMPLISH SUCH A GOAL THERE ARE MANY CONFLICTING POSSIBILITIES TO BE RECONCILED AND THERE ARE ENTHUSIASTIC ADVOCATES FOR ALL OF THEM.

I SHARE AND SUPPORT THE DIRECTION WHICH THE FINANCE MINISTER HAS TAKEN TOWARDS A FAIRER SHARING OF THE TAX BURDEN, ALL THE MORE SO BEARING IN MIND THE OTHER PROVISIONS OF THE BUDGET INTENDED AS AN ALTERNATIVE MEANS OF ENCOURAGING THE CONSTRUCTION OF AFFORDABLE RENTAL ACCOMMODATION.

I WAS PARTICULARLY PLEASED THAT — NOT WITHSTANDING AN ADDITIONAL NECESSITY TO REDUCE EXPENDITURES REFLECTED, FOR EXAMPLE, IN THE REDUCTION OF THE DEFICIT NEXT YEAR BY 3.2 BILLION AND THE RESTRICTION OF THE INCREASE IN GOVERNMENT EXPENDITURES TO 16 PER CENT, \$2 BILLION OF WHICH ARE DIRECTLY ATTRIBUTABLE TO HIGHER INTEREST RATES — A DECISION WAS TAKEN TO ALLOCATE \$350 MILLION FOR HOUSING PURPOSES. I CAN ASSURE YOU THAT THESE FUNDS WILL BE EFFECTIVELY EMPLOYED TO IMPLEMENT A NATIONAL STRATEGY ADDRESSED TO THE COUNTRY'S MOST PRESSING HOUSING PROBLEMS, INCLUDING THE MORTGAGE RENEWAL PLAN AND THE RENTAL STIMULUS PROGRAM.

AS I AM SURE YOU NOW KNOW, THE CANADA MORTGAGE RENEWAL PLAN PROVIDES GUARANTEES AND, IN SOME CASES GRANTS, TO ASSIST PEOPLE PAYING AN EXCESSIVE PROPORTION OF INCOME IN MORTGAGE PAYMENTS TO DEFER PAYMENT OF INTEREST ON THEIR LOANS. I THINK IT IS NOW APPARENT THAT THIS INITIATIVE FULFILLS THE GOVERNMENT'S UNDERTAKING, GIVEN IN THE LAST THRONE SPEECH, TO "ASSIST THOSE UNABLE TO BEAR THE BURDEN OF RENEGOTIATING THEIR HOME MORTGAGES IN THE PRESENT ABNORMAL SITUATION SO THAT THE SPECTRE OF FORECLOSURE WILL BE AVOIDED".

IT IS DIFFICULT TO ESTIMATE HOW MANY PEOPLE IN CANADA MIGHT BE REQUIRED TO PAY OUT MORE THAN 30 PER CENT OF THEIR INCOME FOR MORTGAGE PAYMENTS AFTER RENEWAL. IT DEPENDS VERY MUCH ON THE TREND IN INTEREST RATES, BUT IT COULD BE AS HIGH AS 50,000 OVER THE NEXT 18 MONTHS OR SO.

I UNDERSTAND THAT THE MORTGAGE RENEWAL PROBLEM IS NOT SO GREAT IN BRITISH COLUMBIA AS IN OTHER PARTS OF THE COUNTRY BECAUSE MANY BRITISH COLUMBIANS OWN THEIR HOMES MORTGAGE-FREE OR HAVE AT LEAST A SUBSTANTIAL

EQUITY. PEOPLE WHO HAVE SOME EQUITY, OF COURSE, CAN MAKE USE OF THAT ASSET TO HELP THEMSELVES THROUGH THE PERIOD OF HIGH INTEREST RATES. ~~BUT~~ BUT, FOR THOSE PEOPLE WHO HAVE THE PROBLEM -- HOWEVER FEW THEY MAY BE -- THE CANADA MORTGAGE RENEWAL PLAN IS THERE TO HELP THEM HOLD ONTO THEIR HOMES.

THE RENTAL STIMULUS PROGRAM PROVIDES LOANS OF UP TO \$7,500 A UNIT TO HELP IN THE CONSTRUCTION OF 15,000 ADDITIONAL UNITS OF MODEST, AFFORDABLE RENTAL ACCOMMODATION. ONE ADVANTAGE OF THIS PLAN -- WHICH IS NOT TRUE OF MORE GENERAL INCENTIVES -- IS THAT IT IS TARGETTED TO THOSE PEOPLE IN MOST URGENT NEED. THE FUNDS WILL BE ALLOCATED TO THOSE COMMUNITIES WHERE THE SHORTAGE IS MOST SEVERE. IN ADDITION, MY INTENTION IS THAT ABOUT ONE-THIRD OF THE UNITS WILL BE AVAILABLE TO LOW-INCOME PEOPLE, WHERE THE PROVINCIAL GOVERNMENT IS PREPARED TO ENTER A COST-SHARING RENT-SUPPLEMENT ARRANGEMENT WITH THE GOVERNMENT OF CANADA. I AM PROPOSING THAT SOME FIVE PER CENT OF THE UNITS WOULD BE SUITABLE FOR DISABLED PEOPLE.

I SHOULD POINT OUT ALSO THAT THESE ADDITIONAL 15,000 UNITS, WITH THE PROVISION FOR LOW-INCOME PEOPLE AND THE DISABLED, WILL BE OVER AND ABOVE THE 25,000 UNITS OF SOCIAL HOUSING WHICH WILL BE SUPPORTED UNDER OUR NON-PROFIT AND CO-OPERATIVE HOUSING PROGRAMS -- 40,000 UNITS OF RENTAL AND CO-OPERATIVE HOUSING, SUITABLE FOR PEOPLE IN LOW, MODERATE AND MIDDLE INCOME RANGES.

I HAVE MADE ARRANGEMENTS TO MEET, IN THE NEXT TEN DAYS, WITH ALL OF THE PROVINCIAL HOUSING MINISTERS TO DISCUSS THE BUDGET'S HOUSING INITIATIVES AND OTHER ITEMS OF JOINT INTEREST. I BEGAN BY MEETING WITH

THE HONORABLE TOM CHAMBERS IN EDMONTON THIS AFTERNOON.

I WILL TAKE THE OPPORTUNITY OF POINTING OUT THAT THE NEW NATIONAL PROGRAM OF INTEREST-FREE LOANS IS NOT INTENDED TO REPLACE ANY PROVINCIAL PROGRAMS WHICH ARE DESIGNED TO STIMULATE RENTAL PRODUCTION.

I WILL BE MEETING TOMORROW MORNING WITH MY COLLEAGUE THE HONORABLE MR. JAMES CHABOT, THE MINISTER RESPONSIBLE FOR HOUSING IN THIS PROVINCE.

I REGRET THAT I WAS NOT ABLE TO BE PRESENT DURING HIS REMARKS TODAY BUT I HAVE HAD THE OPPORTUNITY OF READING A COPY OF HIS TEXT.

I NOTE THAT HE SHARES MANY OF MY OBJECTIVES FOR HOUSING AND, LIKE MYSELF, IS OPTIMISTIC ABOUT THE FUTURE FOR THE INDUSTRY IN THE PROVINCE, KEEPING IN MIND THE RECORD YEAR WHICH YOU ARE EXPERIENCING.

I NOTED AS WELL THAT THE MINISTER CHALLENGED ME TO EXPLAIN HOW THE NATIONAL RENTAL STIMULUS PROGRAM WILL SERVE TO MEET THE B.C. DEMAND FOR SOME 10,000 NEW UNITS NEXT YEAR.

I WOULD HASTEN TO POINT OUT THAT THE COMBINATION OF THE ALLOCATION UNDER THE NEW RENTAL PLAN, TAKEN WITH THE CONTINUING COMMITMENT TO THE NON-PROFIT AND CO-OPERATIVE PROGRAMS, WILL PROVIDE, FROM THE NATIONAL GOVERNMENT ALONE, MORE THAN HALF OF THE PERCEIVED NEED.

I CHALLENGE THE MINISTER, IN THE FRIENDLY AND CONSTRUCTIVE TONE OF HIS CHALLENGE TO ME, TO AT LEAST MATCH THE FEDERAL INITIATIVE WITH A COMPARABLE NUMBER OF NEW UNITS.

I KNOW THAT BUILDERS ARE EXTREMELY ACTIVE IN THE PROVINCE JUST NOW, PARTICULARLY IN NEW RENTAL ACCOMMODATION. KEITH TAPPING, OUR

REGIONAL GENERAL MANAGER, WHO HAS BEEN BULLISH ABOUT B.C. HOUSING STARTS ALL ALONG, TELLS ME THAT WE WILL LIKELY HAVE ABOUT 43,000 BY THE END OF 1981. THAT WOULD BE AN ALL-TIME RECORD, SUBSTANTIALLY EXCEEDING THE PREVIOUS RECORD OF 37,727 DWELLING UNITS ESTABLISHED IN 1976.

WE ARE GOING TO DO OUR PART TO KEEP THAT MOMENTUM GOING INTO 1982, THROUGH OUR CONTINUED SUPPORT OF NATIONAL HOUSING PROGRAMS IN BRITISH COLUMBIA AND THE NEW INITIATIVES ANNOUNCED IN THE FEDERAL BUDGET.

I AM HOPEFUL ALSO THAT C.M.H.C., AS A BUSINESS ORGANIZATION, WILL BE IN A POSITION IN 1982 TO PLAY AN EVEN MORE EFFECTIVE ROLE IN STIMULATING AND ASSISTING HOUSING PRODUCTION, IN BRITISH COLUMBIA AND ELSEWHERE IN CANADA.

AS I HAVE ALREADY MENTIONED IN THE HOUSE OF COMMONS, I WILL BE INTRODUCING VERY SOON AMENDMENTS WHICH WILL ALTER THE RESTRICTIVE LEGISLATIVE AND REGULATORY FRAMEWORK WITHIN WHICH C.M.H.C. HAS BEEN OBLIGED TO WORK. I HOPE THESE CHANGES WILL ALLOW THE CORPORATION TO BE MORE FLEXIBLE AND TO CONDUCT ITS OPERATIONS ON A MORE BUSINESS-LIKE BASIS.

I ANTICIPATE THESE CHANGES WOULD ALLOW C.M.H.C. TO RESPOND MORE EFFECTIVELY TO PROBLEMS ASSOCIATED WITH INFLATION AND HIGH-LEVEL INTEREST RATES. THESE PROBLEMS REQUIRE NEW MORTGAGE LENDING TECHNIQUES AND A WIDER VARIETY OF MORTGAGE-PAYMENT ARRANGEMENTS AND CLAIM-SETTLEMENT PROCEDURES. IN PARTICULAR, I EXPECT THAT THESE AMENDMENTS COULD MAKE INVESTMENT IN RENTAL PROPERTIES MORE ATTRACTIVE BY PERMITTING C.M.H.C. TO INSURE HIGHER LOAN AMOUNTS, AT A CORRESPONDINGLY HIGHER PREMIUM.

I HAVE NO DOUBT THAT OUR DISCUSSIONS WILL BE HELPFUL, CO-OPERATIVE AND PRODUCTIVE. I AM ALSO HOPEFUL THAT YOUR DELIBERATIONS DURING THESE TWO DAYS WILL PROVIDE SOME FRESH INSIGHTS AND SOME INNOVATIVE APPROACHES TO THE RESOLUTION OF THE HOUSING PROBLEMS OF THE PEOPLE OF BRITISH COLUMBIA AND OF CANADA.

I PROPOSE TO PRESS FORWARD WITH ALL OF THE AVAILABLE INSTRUMENTS THAT ARE WITHIN THE HANDS OF THE GOVERNMENT OF CANADA AND I TRUST AND EXPECT THAT YOU WILL DO LIKEWISE, EACH WITHIN YOUR OWN PARTICULAR AREA OF EXPERIENCE AND EXPERTISE.

ABOVE ALL, I WOULD SUGGEST TO YOU THAT YOU HAVE EVERY REASON TO APPROACH YOUR TASKS WITH A GOOD HEART, CONFIDENT IN OUR COLLECTIVE WILL AND OUR ABILITY TO SURMOUNT THE OBSTACLES THAT CONFRONT US.

WE HAVE DONE IT BEFORE. WE CAN DO IT AGAIN.

